LONDON, MONDAY, OCTOBER 4, 1982

## Criticism of Sharon By Israeli Officers Reportedly Bitter

By Edward Walsh -Vashington Post Service

JERUSALEM — The Israeli press, freed from the restrictions of military censorship by the publica-tion in the Sunday Times of Lon-don of a reported revolt in the mil-itary against Defense Minister Ariel Shagon, was filled Sunday with accounts of barsh criticism of Mr. Shagon across the ton echelon Mr. Sharon across the top echelon

of the army.

According to these accounts, at two separate meetings held within the last 10 days ranking military officers have complained bitterly about Mr. Sharon's direction of the war in Lebanon and accused him of trying to blame the army for the massacre of Palestinian refugees at the Chatila and Sabra refngee camps in West Beirut.

These accounts said the unhappiness with Mr. Sharon has not broken into full-scale rebellion and a mass demand by the officer corps for his resignation, but they did produce some unusually blunt criticism of Mr. Sharon's performance from his subordinates.

The first meeting took place Sept. 24 and was called by the army chief of staff, Rafael Eitan, to review the war in Lebanon. But the meeting, which Mr. Sharon did not attend, quickly broke down

### Ethiopia Accused Of a Massacre

MOGADISHU, Somalia -Western Somali fighters accused Ethiopian troops Sunday of massacring 500 civilians in the Ogaden region that straddles the border

between the two countries.

The Western Somali Liberation Front, which seeks to end Ethiopian rule over the Ogaden and its ethnic Somali inhabitants, said the massacre took place last month in the villages of Segag, Wadhel and

Somalia and Ethiopia both claim the region, and President Mohammed Stad Barre of Somalia declared a state of emergency in August there after accusing Ethiopia of invading Somali territory in the Ogaden. The two countries fought a war over the Ogaden m 1977 and 1978, which Ethiopia won with the help of Cuban reinforcements and Soviet arms.

Washington Past Service
BEIRUT — The Lebanese Army

has been rounding up hundreds of

Palestinians, spreading new terror in the camps where the massacres

took place last month, in what ap-

pears to be a government effort to

reduce the number of Palestinians

fear among the residents of the Sa-bra and Charila camps, this time

about their future status in Leba-

non and whether they are destined

to undergo daily harassment from

Lebanese authorities seeking to drive them out of the country.

leaked to the local press a plan,

still under discussion, that would reduce the number of Palestinians

allowed to live here from the presently estimated 500,000 to 50,000

during the next few years.

The government already has

The arrests have touched off

here by about 90 percent.

into a series of complaints against the defense minister by the senior officers, who said they feared Mr. Sharon and the government of Prime Minister Menachem Begin would try to blame the military for any Israeli failures in connection with the Beirrt massacre.

On the same day, according to Israel radio, Mr. Sharon met in Mr. Begin's office with the commander of an elite combat unit who told him he should resign.

Sharon Hears Complaints At the time of the first meeting, the Begin government had still not agreed to a full-scale state judicial board of inquiry investigation into the Beirut massacre. It did so last Tuesday, and that night Mr. Sharon called a meeting of a smaller group of officers of the rank of brigadier general and above at the army's staff college outside Tel Aviv to hear their com-

Many of the same complaints and fears were raised at the second meeting, although the tone was less antagonistic than the week before, according to the Israeli press

Israeli military correspondents have hinted at the widespread unrest in the military in recent days, but they were prevented by censor-ship from reporting the details of the two meetings that most exem-

The unrest in the military appears to pose the most serious threat to Mr. Sharon, but it is not the only sign of isolation besetting the defense minister since the massacre. In a television interview last Friday, Deputy Prime Minister Simcha Ehrlich clearly tried to dis-tance himself from Mr. Sharon by saying that he is more and more convinced that a defense minister need not come from the senior ranks of the military.

A defense minister with a mili-

tary background, Mr. Ehrlich said. seeks to take command of actual military operations and disturbs the system of coordination between civilian and military author-

Mr. Ehrlich is the leader of the Israeli Liberal Party, which is second in size only to Mr. Begin's Herat Party in the ruling Likud coalition. He thus joined the leaders of the National Religious Party. another coalition partner, in ex-

cial Lebanese attitude is the fact

that the government still has not

approved repeated requests from

the United Nations agency respon-

sible for the Palestinians to set up

tents, even on a temporary basis,

Number Arrested Uncertain

ans arrested is difficult to deter-

mine because some have been re-

leased after a check of identity pa-

pers while others have been ex-

pelled from the country or taken to

the Israeli detention center in

southern Lebanon at Ansar. Fur-

thermore, it is not just Palestinians

who are being picked up, but all

Naltar quoted an army spokesman as saying 578 "illegal aheas" had

been attrested in a raid on Borge Barajan camp. But many others

The respected newspaper An

The exact number of Palestini-

in any of the destroyed camps.

(Continued on Page 2, Col. 3)

Lebanese Arresting Hundreds of Palestinians

In Apparent Effort to Drive Out 90% of Them



Defense Minister Ariel Sharon of Israel



An Israeli military policeman stood guard near the southern edge of Beirut's international airport as a civilian airliner left the runway over the heads of U.S. Marine peacekeepers.

## 3 Spanish Colonels Arrested To Block Election Eve Coup

By Brian Mooney

MADRID — Spanish authorities said Sunday that they had foiled a plot by rightist army officers to seize power on Oct. 27, the day before general elections that the Socialist are expected to win.

Official sources told the national news agencies EFE and Europa Press that the plot had been stopped with the arrest Saturday of three colonels. They indicated that more arrests would follow. The sources said that the scale

of the planned coup was far bigger than the seizure of the Cortes in February 1981 by paramilitary civil guards who later surrendered. This time the plotters planned to

take key government offices, cut vital communications links and start a rebellion through junior of-ficers in barracks across Spain, the

The sources said that army intelligence, using phone taps and other undisclosed methods, established links between the colonels and officers in prison who plotted the coup that failed in 1981.

They said that Prime Minister Leopoldo Calvo Sotelo held an emergency meeting at 4 A.M. Saturday with the interior and defense ministers to decide on coun-

formed generals, followed a few hours later. The authorities also or-dered those convicted of plotting the 1981 coup to be isolated in their prison cells.

The latest plot thrust the prob-lem of the military to the fore of the election campaign and raised again the question of whether Spain's predominantly conserva-tive armed forces would tolerate a Socialist government. A military judge began interro-

gating the three colonels at an army barracks outside Madrid where the 1981 plotters were tried. Felipe González, leader of the Socialist Workers Party, reacted defiantly to the planned coup, saying that no soldier had the right to interpret the will of the people. His deputy leader, Alfonso Guerra, said that the party had been in-formed by the government that ev-

erything was under control.

Incriminating Documents Santiago Carrillo, head of the

Communist Party and a veteran of the 1936-39 civil war, said he was not surprised by the plot.
"I hope this time they get to the bottom of the conspiracy," he said.

The sources said that the colonels' operation was code-named "Cervantes" after the author of "Don Quixote," and that it multaneous uprising throughout Spain on Oct. 27 — the official "day of reflection" when campaigning is halted to allow voters to consider their choices at the

The Defense Ministry said that documents found at the colonels' homes indicated they were in-volved in anti-state activities.

Sources at the ministry, quoted in two Madrid newspapers, said that the documents pointed to a coup planned for Oct. 27 with details of logistics and the seizure of vital communications.

A witness said that King Juan Carlos looked dumbfounded when he was informed about the arrests while attending an official ceremony in the northern city of Oviedo. He broke off the engagement and immediately flew back to Madrid.

The king is credited with playing a vital role in quelling the 1981 re-bellion, which came near to destroying the democracy installed after the death of Franco in 1975. The three colonels were being

held incommunicado in separate barracks under terms of an antiterrorist law providing for detention for up to 10 days. They were named as Colonels

Tejero Molina is serving a Luiz Muñoz Gutierrez, 58; Jesús Crespo Cuspinera, 55, and his sentence for spearheadi



Leopoldo Calvo Sot

brother, Lieutenant-Colon Crespo Cuspinera, 54.
Recent press reports have fied one of the Crespo brown a frequent visitor to the where Lieutenant-Colonel .

(Continued on Page 2, C

## Urgent U.S. Spending Bill Gets Final Approva

By Martin Tolchin New York Times Service

WASHINGTON — Congress has give final approval to a 10-week stopgap spending bill, and President Ronald Reagan was expected to sign the legislation.

The Senate approved the measure by voice vote late Friday night, several hours after the House voted 290 to 123 to pass the bill. The White House had sent word Friday afternoon that the easure, which will provide funds until Dec. 17, was "acceptable as an interim funding measure."

Enactment of the bill averted the disruption of government sercause 12 of the 13 regular spending bills needed to finance the government through the fiscal year that began Friday had not been passed. The Senate approval followed perfunctory debate in which some

that the measure would delay financing the MX missile, the B-1 bomber and the proposed super-

Edwin L. Dale Jr., a spokesman for the Office of Management and Budget, said preliminary estimates based on the projected annual cost of the measure indicated that it would provide \$2 billion more for domestic programs than the con-gressional budget resolution had called for and \$2 billion less than the resolution's ceiling on military spending and foreign aid.

'We're Under Budget'

Mr. Dale warned that, sometime the 1983 fiscal year, these figures would have to be brought into line with the budget resolution, which set spending ceilings, revenue floors and spending priorities. But Representative Jamie L.

Whitten, Democrat of Mississippi

tions Committee, espoused the Democratic point of view in the House. "We're under budget," he In addition, he noted, "This

continuing resolution is a hybrid, both legislation and appropriation." Congressional leaders normally do not like to tack legislation onto an appropriations bill. Legislation for particular projects is normally the subject of author-ization bills, which set national policy. Appropriations bills pay for the projects authorized by leg-

At Mr. Reagan's request, Congress will reconvene Nov. 29 to work on the separate appropriations bills. Mr. Reagan signed one bill Friday appropriating \$46.8 bil-lion for housing, space and envi-

ronmental protection. The level of military spending

Compiled by Our Staff From Disnascher

LONDON — At least 60 persons

were killed and 700 injured in a

bomb explosion in the Iranian cap-

ital on Friday, Tehran radio re-

The bomb went off in a truck

ported Saturday.

House-Senate conference House conferees wanted spending to continue at \$ lion a year, the level for the fiscal year, while the Sens ferees sought \$233.4 billiocompromise of \$228.7 billiocompromise ries a proviso that no mo given to projects not funde, cal 1982. This meant delay: MX, the B-1 and the superce The bill included a pothat authorized the Treast

partment to regulate the in steel products. The conferauthorized the purchase c \$85 million of copper for tegic minerals stockpile; e thorized pay increases for fic controllers; included va strictions on the Legal Corp.; and extended ceil pay for members of Cons

■ The Reagan administration, pressing its campaign to stop so-phisticated Western technology from reaching the Soviet Union, will urge its allies to adopt tougher curbon of the stop and the stop of the stop o Communist countries in talks starting today, officials said. Page 4. The weakness of the U.S. economy has created new fears in the White House of a rout of the Republicans in the congressional elections now just a month away, and Vice President George Bush has been told to lead a counteroffensive against the Democrats. But Mr. Bush is puzzled.

### To Our Readers

Ninety-five years ago — on Oct. 4, 1887 — this newspaper printed its first edition in Paris. Today, we celebrate that anniversary by opening a new printing site in Singapore.

Under this arrangement, finished pages are transmitted by satellite each night from our headquarters in Paris to Singapore for printing there on the presses of Nanyang Siang Pan. From there the papers are distributed throughout South and Southeast Asia. Singapore is the fifth world capital in which the International

Herald Tribune is printed; the others are Paris, London, Zurich It was the success of the Tribune's Hong Kong edition, which began just two years ago, that persuaded us to open a second Asian production base. The Hong Kong site will continue to print

about half the Asian press run. In the past two years Asian sales have grown to more than 17,000 copies daily, and the Asian edition has been operating

be found in the advertisement on Page 8. A special supplement on

profitably since early this year.

More information about the newspaper and its operations will

and cafes were crowded with people who were out for the Moslem weekend. The hotel and three buses were destroyed by the blast, which the radio blamed on "U.S." mercenaries."

The bomb also hit people who were staying in the hotels or eating in restaurants and cafes around Imam Square, formerly Sepah Square, the radio said.

In Bombing in Tehr Tehran since an exploi blamed by Ayatoliah 1 Khomemi on the unde Mujahaddin Khalq () Crusaders) guerrilla orga — killed more than 70 of

parked outside a five-floor hotel in aides a few days after th tions of several hundred h Iraq claims it has repulsed three Iranian attacks, and Sudan decides din activists in June 1981. In a broadcast, Ayatolly meini condemned the att to send troops to aid Iraq. Page 4.

60 Dead, 700 Injure

said that those who pla bomb wanted to cast a a busy part of Tehran as streets over Iran's recent victoric war with Iraq. He said that plosion was engineered by:

can hypocrites," his deris for the Mujahaddin organi But the Mujahaddin Massoud Rajavi, said its ment from Paris that the was planted by Ayatolla meini's agents "to pave the

cither a car or a house as a f

benefit. Special tax discounist for airline personnel, jot

ists, the insurance adju-traveling salesmen and silk-

The system is under atta

spate of books that

appeared since the Soci

won power last year with a

peal for greater equality an cial solidarity, Mr. Closets.

says that the Socialist victor

imique opportunity to el

France, was skeptical abou

government's readiness to t

subtle economic problems

President François Mitter

impressed by reading "Al More" this summer, told his

inet ministers to study Mr.

ment, as part of its austerity

gram, has begun to try to

away at some of the privicated by Mr. Closets. It ha

back on government won privileges. After long hesits the government decided to

In recent weeks, the go

sets' arguments.

ers in Lyons.

## Mubarak Says Israel 'Beating War Drums'

CAIRO - President Hosni Mubarak said Sunday that the government of Prime Minister Menachem Begin of Israel was "once again beating the drums of war" in the Middle East, a policy that he said "will lead to grave consequences from which Israel will not be

Mr. Mubarak, in a nationally televised address marking the opening session of Parliament, recalled the October 1973 war between Egypt and Israel, when Egyptian troops stormed Israeli lines on the east side of the Suez Canal. It was the last armed conflict between the Iwo countries.

Since then, we have been hop-ing that the calculations of Israel would change," Mr. Mubarak said. "But they still find themselves lecked in a framework of war and

Reagan Plan Praised

He said. The flame of peace bosse in us for peace, brotherhood he same time, the Egyptian

The state of the s

has not managed to kindle in their bearts with the same enthusiasm singled out for praise those citizens, who publicly conpeace in the region, and he praised President Ronald Reagan's Middle East peace initiative as a "basis for dialogue among all the parties in the region."

Ever since Israeli troops invaded Lebanon on June 6, Egypt has insisted repeatedly on their immediate withdrawal. As a result, relations between Jerusalem and Cairo, the only Arab capital to maintain diplomatic ties with Israel, have become increasingly strained and are now at their lowest point since the two nations signed a peace treaty in March

Two weeks ago, following the discovery of the massacre in Beirut, Egypt recalled its ambassador to Israel. Last week, Israel's former ambassador to Egypt, Eli-ahn Ben-Elissar, warned Cairo that it was "walking a very thin line" with its current policy toward

Jerosalem. Cairo newspapers reported Sunday that the Egyptian Foreign Ministry is undertaking a detailed review of Egyptian-Israeli relations citizens who publicly con-in the light of the Israeli myasion of Lebanon and the massacres

Even more indicative of the offi-ial Lebanese attitude is the fact into that category.

One Western diplomatic source porroved repeated requests from said he thought that about 1,000

gan before the arrival of the inter-national peacekeeping force and is continuing, has placed the French and Italians stationed in the three

Palestinians and other foreigners had been detained. On Wednesday, Saeb Salam, a

former prime minister of Lebanon, met with President Amin Gemave to express his concern on behalf of West Beirut's Moslem leaders about reports of 1,500 "missing

An army spokesman, Major Atel Torbay, said the roundup was

part of the army's re-establishment of its authority in the capital. "It's normal in this kind of situation," he said, that some incidents occur. But he insisted the army had entered the Palestinian camps to "protect the people" and said those being held would be treated according to the Lebanese law.

camps in a difficult position. Part of the force's mandate is to

provide security in the camps. On the other hand, as one Italian diplomatic source noted, they are also here to help restore the authority of the Lebanese Army. A Western diplomatic source

said some detained people were seen being taken in trucks to the town of Sofar, on the highway to Damascus, and dumped there. Sofar is where the Syrian line of control in eastern Lebanon begins.

The roundup of Palestinians is also taking place in camps around Sidon, the main city in southern Lebanon still under Israeli occupa-tion. There, it is the Israelis rather than the Lebanese Army making

### Singapore's economic profile begins on Page 9S. (Continued on Page 2, C The wave of arrests, which be-Book on French Privileges Winning Favor With Socialist

sets, a leading French journalist, contends in "Always More" that are too subtle to be righted by higher taxes on high earnings, the Socialists' main emphasis Mr. Closets wrote the book last year during the govern-

ment's initial attempt at wealth distribution. To his avowed surprise, the Socialists are starting to grapple with what he sees as a questionable system of hidden income, job security, early retirement, vacation allowances and other benefits. By most statistical counts.

disparities between the rich and poor are greater in France than in any other West European country, but Mr. Closets' book documents the discreet benefits that grease the French way of life. France he finds, is encrusted to a greater degree than other European nations with special privileges that amount to a hidden tax on the society as a Finding a job is the first step.

Then the author secrets for a

est loans. Farmers pay taxes on a fixed sum rather than a real percentage of their income. Some corporate managers enjoy (about \$142 million). guaranteed promotions. Senior **Amount Once Justified** professors earn more an hour than top industrialists. Some top eovernment bureaucrats spend

Mr. Closets' theme is that these privileges are the main stumbling block in the way of industrial reform in France - and a dangerous luxury in worsening economic times. Usually, these privileges have

their last years in Incrative sine-

been won in the name of collective bargaining, and Mr. Closets demonstrates that the French state is especially weak in this re-A conspicuous example, he contends, is Electricité de France, the state-owned utility. Its employees, who can embarrass the government politically

with power strikes, have steadily

gains from successive genera-tions of postwar politicians.

The EDF, since 1946, has an-

apparently irreversible

EDF's contribution amounted to more than 1 billion francs

For Mr. Closets, the EDF practice of calculating the payment on revenue may have been justified after World War II, when the utility had many more employees and a much smaller income. But over the intervening decades, the expansion of electricity use and the shrinkage in manpower at the utility drove up the per capita value of the workers' fund to its present value: the equivalent of more than 10,000

francs per employee each year. As a result, the employees, with a swelling bankroll at their disposal, have acquired their fortable government jobs.

own chain of vacation hotels, second homes and other benefits, while enjoying occupational security in relatively safe, com-The roster of benefits continnes. EDF employees, for exam-

ple, all get cheaper electricity. Quick to appreciate the privi-

lege, their consumption is more

Mr. Closets' point, which he makes about private industry as well as the civil service and nationalized industries, is that these benefits accrue to some French people in each social and professional category, not to all. As a result, plans for economic reform are often thwarted because no one wants to openly confront the hidden struggle in France between people without any social protection and people who cling to benefits that are rarely openly acknowledged.

"Once a privilege is acquired in France," Mr. Closets said in an interview, "it is dogma that it never be called into question, even when economic circumstances change. And this corporatist system, in which interest groups hide their real circumstances, is the main brake on economic and social progress in France."

His case against the French "privilegetura" — which he compares to the bureaucracy known et Union — is documented with vivid detail. For example, notaires — who have preserved their monopoly

on recording land transactions since pre-revolutionary France - still charge 10 percent on every property sale for guaranteeing the purchaser's clear title. Their charges on house sales impede social mobility, Mr. Closets says. but successive critical govern-ment reports have failed to dislodge them. The notaires have managed to cut back their own ranks from 6,323 in 1968 to 5,134 this year, effectively limiting competition, even among

Mr. Closets says: "The notaires say they are protecting the public by protecting their prolession ... but the government could guarantee consumers the same protection without extending such protection to this privileged group."

**Protection From Competition** Similarly, other social groups, from bankruptcy administrators to druggists, protect their trade from competition. The list of privileges covers-

nearly every sector. Only 5 percent of French farmers are taxed, on their earnings; the rest pay only a statutory missingim. Two

bureaucrats join the rest o country in paying a new nat tax to help defray the cost c employment benefits.

t is an initial response to the state of the security absolute security some French people implies solute magnifying for others.

The main state-run say

### By Joseph Fitchett Author Sees Mitterrand Starting to Tackle Subtle, Basic Kinds of Inequality nål Herald Tribuse PARIS - A France of priviperson's, French newspapers significant minority in every secrevenues as a fund for worker lege, private deals and perqui-sites is revealed in a current best-Lebanese civilians in two Beirut have reported. The cost of these privileges tor of the economy, there is a special arrangement that is not benefits to be spent by the em-ployees on themselves at their By William E. Schmidt refugee camps. New York Times Service seller that has become required has to be passed along to other discretion. Most companies allousually acknowledged openly. Despite his sharpened criticism reading for cabinet ministers in electricity consumers, raising the cate I percent of their payroll to Bank clerks can get lower interof Israel, Mr. Mubarak insisted the ruling Socialist government. their worker fundd. This year, EDF charges and making that Egypt was still committed to The author, François de Clo-French industry less competi-

## namir Backs U.S.-Negotiated Withdrawal From Lebanon

/ Bernard Gwertzman New York Times Serv

TED NATIONS, New York oreign Minister Yitzhak r of Israel says that he exall Israeli, Syrian and Palesforces to be withdrawn from on by the end of the year a timetable to be negotiated United States.

n interview here Friday, Mr. r said "there is an American la for simultaneous with-I" that would be worked out ail by Philip C. Habib and Draper, special envoys of agan administration. "It's a able principle." Mr. Shamir adding that he agreed with abib's "assessment" that the awal could be done "by the

o the future security of Israяthега borders, Mr. Shamir hat Israel believed the stag of foreign troops in southebanon was unnecessary, in

New York Tunes Service

RUT - Before their with-

d from West Beirut last week,

i troops looted the Research r of the Palestine Liberation

tization and broke into the

s of the private Institute for

ine Studies, according to of-

of the two establishments.

troops took the research

's entire library of 25,000 is in Arabic, English and

w, a printing press, micro-

Jiryes said in an interview.

soldiers, he said, also ed filing cabinets, desks and

furniture and stole telephone

neating equipment and elec-ins, and after they had spent

k in the seven-story building

loslem residential quarter of Beirut, "The place was a

ore seriously, they have ered our Palestinian cultural

ge," Mr. Jiryes, 44, said. The had spent 17 years collect-ocuments on the Palestine

estimated the material losses

5 million. "But the papers we

ost are invaluable and possi-

replaceable," he said. These up the world's largest collec-

f manuscripts on the subject

lestine, according to the cen-

: research center had accu-

ed archives of clippings on

ine from 70 newspapers from er the world. The Israelis

hem all, Mr. Jiryes said. center had provided docu-

on Palestine to other PLO

tments and more than 80 of-

rochures.

manuscripts and archives.

entry of another international peacekeeping unit.
"We think the best way for the

solution of this problem will be common arrangements of the Leb-anese and Israeli governments," he said. "It is in the interests of both governments to have this region free from any foreign undesirable forces, and therefore they will make all the possible efforts to achieve this goal."

More Meetings Planned

Mr. Shamir spoke to the General Assembly on Thursday and is to spend this week in New York meeting with various American Jewish groups and foreign diplomats. He is to travel to Chicago and Los Angeles before going to Washington on Oct. 14 to meet with Secretary of State George P. Shultz and other officials.

In the interview, he seemed to want to avoid any polemics with the administration, although he did not deviate in substance from opposing the continuation of his government's opposition to the 100-member UN force, or the points made by President Ronald

Israeli troops now have evacuat-

ed West Beirut, and their positions have been taken over by a multina-

tional force comprising U.S. ma-

rines and French and Italian units.

as well as the Lebanese Army. The area where the center is situated is

'Palestine' Obliterated

the PLO's main office on the Cor-

niche Mazraa in West Beirut. Be-

fore leaving, they removed the word "Palestine" from a sign car-

rying the PLO's name that was

"The Israeli invasion was in-

tended to obliterate all memory of

Palestine, the country we have left

behind," a Palestinian source said.

came to Lebanon as refugees in 1948 after the state of Israel was

founded. The Palestinian commu-

nity here eventually grew to about

Beirut was not only a base of operations for the PLO fighters, but also a place where Palestinians tried to revive their cultural heri-

tage. It was at the same time a cen-

about Palestinians and collecting

vast archives on the Palestinian

Such archives are kept at the In-

stitute for Palestine Studies. Last

week, Israeli soldiers broke into

the institute despite a sign at the

gate declaring that it was a private

office not connected with the PLO.

nets, but did not loot the place.

for providing information

half a million.

problem

Several thousand Palestinians

mounted outside the offices.

The Israelis had also occupied

patrolled by the French.

raeli Troops Looted

LO Research Center

For instance, he did not endorse the view expressed by Prime Minister Menachem Begin and De-fense Minister Ariel Sharon of Israel that the Reagan administra-tion was trying to bring about the overthrow of the Begin govern-

"No foreign factors," he said, "can decide, can determine the character of the Israeli govern-

Mr. Begin has said that he would not discuss Mr. Reagan's proposals as the basis for negotia-tions, but Mr. Shamir emphasized that this did not mean that Israel was rejecting discussions with the United States on ways of achieving peace in the Middle East.

Pact 'Is Achievable'

"We are willing to continue the negotiations in the framework of the Camp David agreements," he "We are convinced that an agreement between us and the Egyptians, the Palestinian Arabs,

Reagan in his Middle East peace and even other partners, like Jor-initiative on Sept. 1. and even other partners, like Jor-dan, is achievable, and it's not necry to look for other concepts and other ways to find solutions before we explore all the possibili-ties of the Camp David agree-

ments."

Russians Call In Own Bomb Squad

To Clear Beirut Embassy Grounds

BEIRUT — Officials of the Soviet Embassy, which was shelled and reportedly occupied for 36 hours by Israeli troops, have re-

quested a bomb-disposal unit from the Soviet Union to clear the

The Lebanese government has been "extremely cooperative"

Several cluster bombs have been found in the grounds and

regarding a request for permission to fly in the unit, "and the men should be here soon," an embassy spokesman said Saturday.

since there are children living here, we want to be completely sure

The spokesman said that 60 Israeli troops who broke into the

embassy compound on Sept. 15 stayed in the embassy for 36

hours, despite Soviet protests. He said Israeli snipers in the embas-

sy fired onto the nearby Corniche Mazraa where there was heavy

A diplomat said that between firefights, the Israeli troops amused themselves by playing the piano. "I would give one of them high marks for his Rachmaninoff," he said.

fighting between the Israelis and the Palestinians.

In his initiative, Mr. Reagan also said that the American proposals were based on the Camp David agreement of 1978. Under that accord, Israel, Egypt and the United States have been negotiating on the conditions to govern elections, as well as the powers for a self-governing Palestinian au-thority in the Israeli-occupied West Bank of the Jordan River and Gaza Strip.

Mr. Reagan said that the United States would oppose either Israeli sovereignty over the region or the formation of an independent Palestinian state, but would support some kind of association between Jordan and the authority.

Mr. Shamir made it clear that his strongest objection to the Reagan plan was in the American

effort to introduce into the discus-sion the final status of the area, instead of just focusing on how to bring about the five-year interim authority.

"If we want to succeed in these

negotiations about autonomy, we have to concentrate all our efforts on finding solutions for the problems of the next five years of the autonomy," Mr. Shamir said. "If we try to reach agreements on the final status, we will never find ac-ceptable solutions."

Some American officials, in explaining why Mr. Reagan went beyoud the negotiations on autonomy, said they feared that the Begin vernment was taking steps that might lead to the annexation of the West Bank and Gaza.

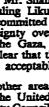
But Mr. Shamir said that while the ruling Likud bloc of parties was committed to achieving the sovereignty over the West Bank and the Gaza, "Camp David is very clear that there must be a solution acceptable to all the par-

Another area of contention is that the United States interprets Security Council Resolution 242 of 1967 as meaning that Israel has to yield territory captured in 1967. In the American interpretation, Israel is obliged to give up control over most of the West Bank, which it captured from Jordan; the Golan

David accord, and the peace treaty of 1979, has returned the entire Sinai, also captured from Egypt. Mr. Shamir said Thursday that Israel stood by the resolution, but

When asked how Israel intermeans withdrawal from some territories and peace and security for

"What will remain of our Lilipu-



Heights, which it took from Syria, and the Gaza Strip, captured from Israel, as the result of the Camp

would not give up more territory. preted Resolution 242, he said it

tian territory," he asked, "according to this theory of territories for

## Israeli Army Reported to Criticize Sharon

pressing at least indirect displeasure with Mr. Sharon. Despite such criticism, there is

little expectation here that Mr. Sharon will leave the Defense Ministry of his own accord. Mr. Sharon and his allies are seeking to generate support for him around military but the government.

the country with petitions and ral-Also, in a radio interview two

days after he had met with the senior officers, Mr. Sharon claimed that he had always favored a wideranging investigation of the Beirut

## **India Combating Religious Battles**

NEW DELHI -- Paramilitary reinforcements rushed Sunday to quell three weeks of riots between Hindus and Moslems in the city of Meerut in which 28 people have

According to institute officials, Prime Minister Indira Gandhi the Israelis took a few publications, looked into the computer expressed deep concern over the room and opened some filing cabiriots, which claimed 14 lives Fri- each other and against police and day and Saturday in Meerut, 40 paramilitary forces.

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miles (65 kilometers) northeast of

New Delhi, officials said. The Hindus and Moslems began fighting Sept. 7 over a small piece of land that both groups wanted to use for religious purposes. The fighting escalated as protesters used homemade bombs, Molotov cocktails, guns and swords against

prime minister, unlike some others in the government, so far has shown no sign he is attempting to distance himself from his defense

Philip C. Habib, a special U.S. envoy, met Sunday with President Hafez al-Assad of Syria to discuss a U.S. plan for the withdrawal of foreign troops from Lebanon, The Associated Press reported from Damascus.

Mr. Habib arrived in the Syrian capital Friday and held talks Sat-urday with a Syrian team headed by Farouk al-Chare, state minister for foreign affairs.

The official Syrian news agency said later that the talks dealt with means of achieving Lebanon's sovereignty on all its territories raeli withdrawal from Lebanon as soon as possible.

I Israeli Soldiers Ambushed

An Israeli troop bus was ambushed east of Beirut near the Syrian front lines Sunday, and six sol-diers were killed and 16 wounded, United Press International quoted an Israeli Army spokesman as saying in Beirut.

Also Sunday, surgeons amputat-ed the foot of a French paratrooper after he stepped on a mine on a sidewalk in the capital's central area, a French Army spokesman

## **Spain Foils** Coup Plans

(Continued from Page 1) year's attempted coup by storming

partiament. Colonel Tejero, who has set up a rightist party to contest the general elections, and three of his fellow conspirators were suddenly

refused visitors and calls at their prisons on Saturday.

The Socialists are campaigning against Spain's membership in the North Atlantic Treaty Organization and have pledged to put the issue to a national referendum.

They have also said they will freeze a contract to purchase new fighter aircraft from McDonnell Douglas of the United States.

The Socialists say they plan to restructure the armed forces, gear-ing them more toward defense and weaning them from their traditional preoccupation with domestic politics.
This strikes at the heart of the

problem of the armed forces in Spain, which were reared under Franco to believe in the rightist values that defeated the left in the civil war.

The Socialists and Communists went underground after the war and did not emerge until Franco's

The extreme right is still highly active in Spain. On Friday several hundred rightists paraded at Franco's tomb to commemorate his seizure of power.

Perhaps most important in gauging Mr. Sharon's future is the attitude of Mr. Begin. And the

■ Habib, Assad Meet

more extensive and brutal acts of

communications. Three hundred of the 700 wounded were critically burt, the radio said.

The interior minister, Hojato-leslam Ali Akbar Nateq-Nuri, said in a radio interview that several suspects had been arrested, includ-

The radio said that the explosion gouged a crater six meters (20 feet) long, four meters wide and

two meters deep.

Tehran radio also reported that the government had executed Khosrow Qashqai an influential tribal chieftain and until recently

radio said. The execution underscored Ayatollah Khomeini's growing prob-lems with rebellious tribesmen.

the current fighting.
Iranian exile sources said the blast could be in reprisal for Mr. Qashqai's execution, carried out earlier this week.

Ship Accident in Toronto

The Associated Press
TORONTO — A motor vessel registered in Malaysia was caught

were no injuries.

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### U.K. Woman Freed by Abductors in Italy

The Associated Press
COMO, Italy — Gaby Kiss Maerth, 18, of Britain, was released unharmed Friday night by her
kidnappers after nearly five months of captivity.

They said Miss Maerth, who was abducted May, was picked up at about 11 P.M. by police near this northern town near the Swiss border. She was taken to a Como hospital where she was found to be in good condition and was then released to her

parents; Elizabeth and Oscar Kiss Maerth, a re-tired British businessman, they said. Police said she had called her parents for help

from a public telephone in a bar at Costa Masna-ga, 13 miles (22 kilometers) east of Como. Police sources said they believed a 170-million lire (\$119,000) ransom was paid Wednesday for her release. That was unlikely to be officially confirmed, however, because it is a crime in Italy to

## Book on Privileges Wins Socialists' Favor

calls the "lack of solidarity" in

France is the 39-hour week. Originally proposed to create more jobs.

the shorter week was opposed by

the Communist-led unions until

employers agreed to continue paying for a 40-hour week — effective-

ly nullifying the original idea.

In Mr. Closets' view, this men-

tality will have to change if French

society is to avoid a deep confron-

tation between the haves and the

'30-Year Grace Period'

"What people don't realize," he said, "is that France and the West

in general has emerged from a 30-year grace period. After the war,

we had cheap energy, cheap for-eign labor, submissive third world

markets, and it created prosperity

allowing us to conceal our special

privileges from one another be-

cause wealth was constantly in-

Now, he says, "we have to face a new situation of low, uncertain growth, which is really the normal

situation for the world economy.

Instead of sharing out the money

cake, we have to shoulder our shares of the hardship."

creasing."

(Continued from Page 1)

bank, L'Ecureuil, for example, offers its employees considerable benefits. Recruited under age 30, they enjoy total job security, auto-matic promotion by seniority and loans subsidized by the bank. Despite these advantages, the em-ployees decided, when computers shortened the time needed to do the day's accounts, to continue their early closing hours rather than spend the extra time with cus-

In the same bank, the dirty work cleaning — is done by an outside company employing tempo-rary labor, at minimum wages, with no job security and no fringe benefits. Without the exploitation of the cleaners, Mr. Closets writes, would be impossible for the bank to subsidize the extra benefits for its employees.

The biggest example of what he

## 60 Left Dead By Iran Blast

(Continued from Page 1)

The blast partially knocked out the Iranian telephone and telex

ing some foreigners. The radio quoted police as saying that the bomb must have contained about 150 kilograms (330 pounds) of explosives. It went off on Naser-Khosrow Avenue in central Tehran, a few hundred meters from the central telecommunications building, heavily damaging seven hotels as well as houses and shops. Two double-decker buses and one single-decker were de-stroyed, and most of the passengers were killed or wounded, the radio said.

**Tribal Leader Executed** 

the uncontested overlord of the Iranian tribal belt directly east of the battle zone. Mr. Qashqai was convicted of armed rebellion, the

Kurdish guerrillas who want au-tonomy aiready have plugged all major mountain passes to secure a virtual no-man's land between the Iran-Iraq frontier further north of

by a gust of wind and struck a Danish-registered container ship Saturday in Toronto's harbor, causing damage estimated at \$500,000. Harbor police said there



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Mr. Closets himself has been criticized for a comfortable lifestyle that is at odds with his appeals for solidarity with those who have fared less well. But he is unrepentant: "Whatever I spend it is money that I have earned, on my own, since leaving home at 17. I think French society needs to reward people who take risks,

privileges." Mr. Closets himself is a risktaker who is scrupulous about not abusing his own position.

while lifting the veil on uncarned

He brings finished manuscripts to his publisher, Grasset, without asking for an advance on his idea. All his books have sold well. But Mr. Closets, who started in journalism as a science specialist and has emerged as a general commen-tator on French affairs, refuses to allow his picture to appear on the dust jackets of his-books because he does not want to profit from his position as a popular television

"I am and have always been a loner who is not afraid to talk." he said, "because I have nothing to hide or protect."

### **WORLD BRIEFS**

### U.S. to Quit Groups That Oust Israel

UNITED NATIONS, New York - U.S. officials, facing an expanding Arab drive to expel Israel from various UN agencies, has said that the Reagan administration is prepared to "withdraw official U.S. participation in and cut off funding for" any international body that bars Israeli

delegates.

This stance, a State Department official said Friday, follows "the clear-cut mandate of the Congress and the equally clear-cut will of the president." It is the first time the consequences of an exclusion of Israel from an international body — heretofore described publicly only as "dire" — have been spelled out in detail. The effect on the United Nations could be serious since the United States provides one-fourth or

more of all UN and agency budgets.

The U.S. officials said the policy would be applied to the UN International Atomic Energy Agency, which voted 41-39 on Sept. 24 to reject the credentials of the Israeli delegation. So far, the United States has not acted to cut its links with the agency. But an official said that U.S. participation in the body's meetings in Vienna has been halted.

### U.S., Micronesia Sign Freedom Pact

HONOLULU — The United States has signed an agreement giving limited independence to the Federated States of Micronesia, a group of islands in the central Pacific.

The pact and related documents were signed Friday. The agreement gives the United States military rights in the islands, but leaves the Pacific state autonomous in all domestic and foreign affairs except defense. Washington will provide financial subsidies amounting to about \$1 billion over 15 years to the economically poor islands. Similar compacts were signed earlier with the Marshall Islands and the Palau group in the Western Carolines. All the agreements must be ratified by a plebiscite in each territory, then by the U.S. Congress and the United Nations.

### Mitterrand to Meet African Leaders

PARIS — President François Mitterrand, who has pledged to reshape France's policy in Africa, is to discuss French-African relations with the leaders of 40 African countries at a two-day summit beginning Priday. Political sources in Abidjan, Ivory Coast, said that France's African allies would seek pledges that diversification of French aid to Africa would not mean less aid for them.

Mr. Mitterrand has promised to overhaul the close military and eco nomic ties — which he has said are paternalistic — between France and its former African colonies. At last year's summit in Paris, the government pledged to protect the sovereignty of African countries. But con-cern in many African countries has now shifted from their military security to the state of the world economy.

### Italian Police Seize Terror Suspect

NAPLES — Police have captured a Red Brigades leader who is believed to be the architect of the gang's attacks in Naples in recent months, investigators said Sunday.
Vittorio Bolognesi, 32, identified as the head of the Red Brigades'

Neapolitan unit, was seized in his apartment and posed no resistance, police said. He was believed to be the main figure behind the killing of a Naples police official and his driver in July. He was also believed to have been involved in three attacks on military outposts this year in Naples and in Rome.

Five other suspects and a large cache of arms and ammunition were seized at three hideouts during a major drive begun last week in Naples.

### Afghan Army Said to Kill 23 Civilians

ISLAMABAD, Pakistan - Afghan Army troops have killed 23 civilians in retaliation for the execution of 37 soldiers captured by a resistance group about 100 miles (160 kilometers) east of Kabul, according to The sources, who have close links with the Hezb-i Islami resistance group led by Mowlavi Yunus Khalis, said Friday that the civilians in the

group led by Mowlavi Yunus Khalis, said Friday that the crymans in Khogyani district were killed Monday, two weeks after a 72-mar army unit was captured by the anti-communist group.

A rebel commander, pretending to be a defector, had reportedly tricked the Soviet-backed government in Kabul into sending him an army contingent to eliminate top resistance leaders in the area. The rebel leader was later said to have ordered the public execution of 37 of the 72 captured soldiers to show other rebels that he had not really dispected. captured soldiers to show other rebels that he had not really defected

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## Bush Rejects a 'Hatchet-Man' Role as Republicans' Key Campaigner

By David S. Broder ington Post Service

SAN RAFAEL, California -The weakness of the U.S. economy has created new fears in the White House of a rout of the Republicans in the congressional elections now just a month away, and Vice President George Bush has been told to toughen up his campaigning and become "the point man" in a counteroffensive against the Dem-

But Mr. Bush in an interview during a six-state, cross-country campaign swing that reached its mid-point Saturday in California, sed puzzlement at talk by presidential aides and Republican National Committee officials of an Oval Office directive to start raising his profile and unloading heavy weapons fire on the Demo-

"I'm not Spiro Agnew," Mr. Bush said. "I'm determined to

hatchet-man kind of approach and promise the press some startling prose in every speech. But I'm afraid I'm not that flamboyant."

Reports of the new directive to Mr. Bush accompanied a sudden rush of gloomy appraisals from the White House of the risks to Re-publicans in the Nov. 2 elections. senior administration official said Thursday that the inroads of the recession and fears of spread-Republicans more than 30 seats in the Democratic-controlled House and even put the Republican' Senate majority at risk.

Those fears put more pressure on Mr. Bush, already by far the busiest and most visible administration campaigner. But the vice president seemed deliberately impervious to the swirling currents

maintain control of my own cam-paigning. Sure, you can get more attention if you take the colorful, around him. "I have no hesitancy ed 23 events — speeches, recep-tions, news conferences and inter-frankly, that it's more productive views. than what I've been doing."

What he has been doing -- parttime since January and almost full-time since Labor Day — is stumpthe country for congressional and gubernatorial candidates in se-lected races. A few old political and personal friends with no particular problems this year have also prevailed on Mr. Bush to speak for them. But, for the most part, he has gone where the White House has wanted.

His willingness to do so at a demanding pace has drawn praise from many in the party and in the administration. He has logged 77,000 miles of domestic travel this year, most of it political. On Monday, and Theat is the Monday of the political of Monday, and Theat is the Monday of the political of the politica

day and Tuesday, in Iowa, Illinois and Missouri, his schedule includ-

Local Republicans say Mr. Bush's campaign staff is competent and courteous. They add, privately, that Mr. Bush's people are much easier to work with than President Ronald Reagan's advance teams. Mr. Bush is regarded as a good drawing card, particularly for contributors, and as a politi-cian sensitive to the nuances of in-

But, as a Republican campaign consultant with close White House ties remarked, "He doesn't light any fires." And, increasingly, Republicans fear that they need to do something to avoid being consumed by the burning unemployment issue.

The president is the Republi-cans' best campaigner, but he can-not always appear completely partisan at a time of foreign policy crisay there also is an unresolved con-flict over his October schedule between those who want him to be more involved in the campaign and those who want to spare him from close identification with what they now regard as inevitable elec-

Of the cabinet members, only Treasury Secretary Donald T. Re-gan and Interior Secretary James G. Watt are regarded as drawing G. Watt are regarded as drawing cards, and Mr. Watt produces negative reactions from so many peo-ple that he has, in effect, been

Leading Republicans in Con-gress are either preoccupied with their re-election races or pursuing separate campaign schedules, some with 1984 or 1988 presidential ambitions. So the burden of the Reagan administration's campaigning falls on Mr. Bush. Financially, he has been a big

\$300,000 each at receptions and dinners for the senatorial and gu-bernatorial candidates in California. Breakfasts and lunches for House candidates in Missouri and California were five-figure events.

Mr. Bush timed his message to the needs of particular Republican candidates. In Cape Girardeau, Missouri, where Representative Bill Emerson is being criticized by the Democrats as a "Reagan robot," Mr. Bush said, "Thank God for men with the courage to keep their promises and support the president of the United States."

In San Rafael, where the Republican nominee, Dennis McQuaid. has outspokenly criticized some administration environmental and social policies, Mr. Bush said, "We don't want a rubber stamp. We want men of integrity who will vote the way you want."

What he did not do was cuff the

Democrats around in a way that would satisfy the wishes of White House aides that he "get on the network news.

His visits are big news in small towns, but not in metropolitan areas, such as San Francisco. His prose almost defies those searching for a headline or a film clip. He chose to highlight the importance of the McQuaid race — one of the better Republican chances to cap-ture the seat of a retiring Democratic congressman — by saying it was necessary to win to "sublimate the obstructionism we encounter" from the Democratic majority in the House.

Seemingly, he could not care less about making no ripples in the na-tional news. "I don't know what they mean by 'a high profile.' I give a speech in Washington to some group almost every day I'm there, and no one reports it.... I want to help us win this election,



and if I can do it by mak fine. But I'm really trying these candidates, not to and overshadow them."

## Shoplifter Is Sought In U.S. Cyanide Deaths

CHICAGO — The police search for the person or persons who injected cyanide randomly into Extra-Strength Tylenol pain reliever capsules, killing seven persons, focused Sunday on a man who shoplifted the medication from a suburban store in August.

Tyrone C. Fahner, the Illinois attorney general, said that prelimi-nary analysis of recovered Tylenol capsules suggests that more than one "madman" may be involved. However, Mr. Fahner's spokesman, Paul Zemitzsch, called the shoplifter a "good lead."

Local and federal officials said disgruntled former employees of the Chicago-area stores where the poisoned Extra-Strength Tylenol capsules were found also were

Important evidence may come from an unsold Tylenol bottle con-taining 14 cyanide-filled capsules that was found in the back room of a suburban drugstore. The bottle had been removed from the store's shelves the day before as part of the extensive recall of the product.

According to one theory of investigators, the killer or killers picked Chicago-area stores at random and put one poisoned bottle at the front of each Tylenol display. "He put them in the front of the shelves so they would be the next one purchased," Mr. Zem-

The spokesman said a team of 142 federal, state and local investigators was seeking a shoplifter arrested in August for stealing bottles of Tylenol from a suburban

merely various theories," Mr. Zemitzsch said. "Anyone who is reported to be stealing Tylenol is rather an unusual type of person and someone we'd like to talk to. It's just a good lead for us."

Disgruntled employees are "always among the prime targets of any investigation because they have a reason to do this," he add-

Mr. Fahner said, "So far [there is only one bottle per store. It suggests a person literally is going around 'salting' [the capsules] from store to store... Random murder is what it amounts to."

"It would appear that since there is one bottle per store, it is very hard to conceive how it would happen any other place than the store itself," he added. "Obviously no one poisoned a whole batch that went to a certain store."

2 Policemen III

The attorney general disclosed that two police officers became ill after picking up what seemed to be Tylenol capsules from a parking lot near a suburban restaurant last "They found these red capsules all over the parking lot,"
Mr. Fahner said, and "manually and physically picked them up. The next day, the officers were ill."

Mr. Zemitzsch noted that cyanide "can go right through the skin," and said that the officers 'were sick for several days mild type of cyanide poisoning. They're running tests on those cap-

"The shoplifting suspect and the tainted capsules previously in-various disgruntled employees are spected appear to have been as- health inspectors to remove all



Stanley Janus, 25, and his wife, Theresa, 19, are shown shortly before their marriage last July. Both died last week after taking poisoned Tylenol capsules. They apparently took them from the same bottle that killed Mr. Janus's brother, Adam, 27.

sembled by more than one person. "Some were put together in a very inartful way. They pop all over the place," he said. "But other [capsules] are done better."

"It suggests that maybe we've got two or three people, some nausea, headache, syndromes that more careful than others ... or can be associated with a very, very maybe just one person without much patience," he said.

have died from cyanide poisoning Mr. Fahner said Saturday that after taking the capsules.

Since Wednesday, seven persons

Tylenol products from store shelves. She urged residents to bring Tylenol products to police and fire stations with the date and location of purchase.

Consumers across the country were urged not to take any Extra-Strength Tyleonol capsules until

the mystery is resolved.

The manufacturer, McNeil Consumer Products Co. of Fort Washington, Pennsylvania, a subsidiary of Johnson & Johnson, has offered a \$100,000 reward for information

## Leading Argentines Investigated For Links to Gelli, Masonic Lodge

By Edward Schumacher New York Tinnes Service

BUENOS AIRIES — Reports that prominent /Argentines have been members of the secret Italian Masonic lodge cailled Propaganda 2 are being inversigated after the arrest in Switzerl and of the Italian industrialist who headed the lodge. The industrialist, Licio Gelli, who was seized with a fraudulent Argentine passo ort in mid-September, disappeared from Italy about 18 months agr; and was said to have been in Inding in Argentina and Uruguay rinder the protection of military keaders. Among the charges filed against him in Italy were spiralling and expirences.

were swindlin g and espionage. President Fleynaldo Bignone has reportedly nact with Argentina's senior military leaders to discuss the ramific ations of statements made by Italian investigators that 26 promine nt Argentines, among them generals, former cabinet members and leading business-men, had belonged to the secret

The Arrgentine government recently (announced regulations prohibiting television stations and state-owned radio stations from reporting on the P-2 affair and other sensitive: matters.

Inquiry Announced

The regulations did not apply to newspapers or magazines. But José Palozzi, editor of Quorum, a magazine t'hat has closely followed the issue, and other journalists have said that they have received telephone threats in recent days to

stop reporting on P-2 or be killed. le dward Maschwitz, the presidenitial spokesman, has said that it is 'not the government's job" to

investigate the circumstances surrounding Mr. Gelli's Argentine

However, an inquiry into Mr. Gelli's influence in Argentina was announced by Luis Carlos Cabral, head of the National Office of Administrative Investigations. Mr. Gelli has been described as having been close to almost every Argen-tine president over the last decade through Masonic lodge connec-

The Italian government of Ar-naldo Forlani fell last year when the secret lodge of almost 1,000 leading Italians was uncovered Anti-communism was the declared aim of P-2, but it appeared to be more a web of influence and connections used for the political and financial gain of its members, par-ticularly Mr. Gelli.

Mr. Gelli was reportedly trying to withdraw tens of millions of dollars from a secret Swiss bank

### **Arson Attack Destroys** 4 Planes in Switzerland

STANS, Switzerland - Four planes were destroyed on the ground and a workshop set afire in an arson attack on the Pilatus aucraft factory in this central Swiss town, police said.

Police said that Swiss television had received several anonymous letters threatening the factory, but the motive for the arson attack was unclear. The Pilatus Porter, a light passenger carrier and spotter plane, is one of Switzerland's bestselling aircraft. It has been the center of controversy because of sales month. Italian investigators re-portedly thought that some of the money originated from South American subsidiaries of Italy's Banco Ambrosiano and was part of the missing millions that led to the recent liquidation of the bank. Ties Run Deep

It might seem odd that Argentines would be involved with Mr. Gelli and an Italian lodge, but the ties between the two countries run deep. The descendants of Italian immigrants are the largest ethnic

group in Argentina.

Mr. Gelli's particular connection appears to have been his friendship with former President friendship with former President Juan Peron when the latter was in exile in Spain in the 1960s. When Mr. Perón returned to Argentina in 1973, Mr. Gelli was on the same

Mr. Perón died in 1974, but his successor, his third wife, Isabel, appointed Mr. Gelli to the post of economic adviser to the Argentine Embassy in Rome, created for him, and gave him an Argentine diplomatic passport, providing him diplomatic immunity in his

Mr. Gelli's activity in Argentina was said to have continued after Mrs. Perón was overthrown by the military in 1976. He kept his diplomatic passport and embassy post until last year, when the Argentine government withdrew both after the Italian scandal empted.

Patricio Kelly, a Peronist leader who has filed two of several pri-vate suits demanding court investigations into the lodge, said he was doing so because "Argentina is the main branch of P-2."

### Vatican B Sought Pe Sindona S

ROME - The Vatican the late Roberto Calvi's I, dated Banco Ambrosiar operations in Latin Amer belief that "economic ord prevent revolution, the ja ian financier Michele Sir said in an interview.

In the interview Saturthe Turin daily newsp. Stampa, Mr. Sindona s-thought that where there nomic order, chaos could ed, there would be no revolution or subversion. invitation Archbishop A and the Vatican Bank b

Milan magistrates have Archbishop Paul C. Me president of the Institute ous Works -- the Vatica that he may face charge nection with the Banco and collapse, caused thuge loans the bank mad America on the strength can letters of patronage. ; Mr. Calvi, who was for ing from a bridge in L. June, was a business as: Mr. Sindona and replacadviser to the Vatican F Sindona has been jaile

Blast in Algeria Kill The Associated Pres

United States for conspiri

ALGIERS — A large fireworks stored in a milit near here exploded Sund one of the warehouse guinjuring others, the Alger

## SMOOTHING THE ROAD TO COMPUTERIZATION

When N.V. Gondrand, the large international transport company, started to computerize its offices some 13 years ago, it turned to Philips. Since then, Philips has helped in progressively upgrading Gondrand's computer systems - while smoothing the "bumps" at each step along the way.

This was not without its challenges. Gondrand consists of many independent companies, and 250 branches worldwide. Each has its own way of working - dictated largely by customs and regulations that vary from country to country.

Facing up to this, Gondrand's member company to its Antwerp office, so all problems and possible solutions

could be shared.

This resulted in a two year programme to install a configuration from Philips P4000 family of multi-workstation, multi-application, computer systems in each of 20 European centres.

Why Philips?

First, a novel packaged-software concept allowed each P4000 system to be tailored to its particular job quickly at low cost. Thus, the software could be specially adapted for each location - centrally, under one person's super-

Second, computerized procedures management invited key staff from each could evolve in small, comfortable steps. Initially, each system would stand alone. Later, some would be interconnected

 along with Philips word processors and ELECTRONIC MESSAGE CENTRE telex systems. Meanwhile, existing earlier-generation Philips computers will continue serving until their replacemeant.

Finally, Philips was at home in each country served by Gondrand - : and service before and after sale had been superb.

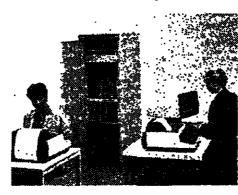
Results? Gondrand's custo mer service will be better than ever. F or example, it will soon be possible; for customs documents to be proceused at international borders before the Gondrand vehicle even arrive: s!

This is one way Philips; is smoothing the road to better; service and profits. Here are some othe :rs.



Philips new DSX Series of message switching systems turns traditional telex rooms into cost-effective electronic message centres. Modern office teleprinters, such as the Philips PACT 220, communicate with the system on a store-and-forward basis. While the message is in storage, the DSX automatically converts transmission codes and speeds, as required, and forwards the message(s) over private and/or public network circuits as soon as outgoing lines are free - or during off-peak periods when telex tariffs may be lower.

Word processors and other non-voice terminals may also be connected to a DSX system to build a company-wide integrated of fice communications network. The system then functions as the network's 'electronic postman', collecting and distributing interoffice memo's, messages, letters and other documentation electronically.



Based on the highly successful DSX-40 system, the DSX Series of microprocessor-based message switching systems provides a tailored approach to the heavy: telex user market where requirements may extend from 2 telex lines/6 terminals up to 10 telex lines/40 terminals.



DIGITAL PAGING AND CCTV

To cope with the demand for worldfamous Carlsberg and Tuborg beers, the United Brewery Company has built Europe's most modern brewery at Fredericia in Denmark. This fully-automated brewery can produce nearly 11/2 million bottles of beer per day. And Philips DP6000 digital paging system helps everything to flow smoothly by keeping personnel in contact with each other, and with process status over the 160,000 m<sup>2</sup> site.

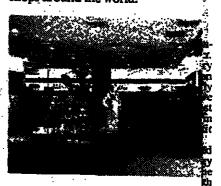
The microprocessor-controlled paging system is directly linked to the PABX telephone system, and also to alarm circuits at critical stages in the brewing process. So individual paging calls and two-way conversations can be set up from any telephone. At the same time, servicemen will be called automatically if a fault arises anywhere in the brewery. The DP6000 receivers have a 5-digit display that indicates the nature and location of any process alarm so that specialists can be on the spot without delay.

The brewing itself is computer controlled from a central control roc where Philips supplied a CCTV syste. surveillance of the plant.

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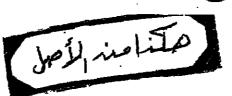
These are just a few examples of Philips contribution to efficiency in business: 11 If you would like more information, contact your Philips organization or Philips Con Marketing Support Department, VOA-0225, 5600 MD Eindhoven, the Netherlands (ut 35000 PHTC NL). Please indicate in which of the above subjects you are interested:

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**PHILIPS** 



SURE SIGN OF EFFICIENCY FOR BUSINESS



## Will Seek Tougher Technology Curbs on East Bloc

/ Joseph Fitchett rnational Herald Tribune -- The Reagan adminis-

pressing its campaign to histicated Western techform reaching the Soviet ill urge its allies to adopt nrbs on sensitive industris to communist countries tarting Monday in Paris.

eting is the most importlevel exchange among the East-West commercial isconflict erupted between ed States and European ints during the summer e planned Soviet natural ine to Western Europe, i European participants

p technological leaks that he Soviet armed forces, cials said that they will dd scores of items to the of prohibited exports at meeting of the Coordi-

r picture of how to call for less.

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The Reagan administration is concerned about a range of products — including computers, mi-croelectronics, semiconductors, silicon used for semiconductors, optical fibers, robotics and special alloys — that the Soviet Union might ostensibly import for civil-ian purposes but then put into mil-

The administration will also try to convince allied governments to agree to beef up COCOM's aimost nonexistent investigative and enforcement powers and its small budget, which have scarcely in-creased since COCOM was set up in 1949. Originally part of the North Atlantic Treaty Organization, it has become more antonomous so that Japan and France can participate.

Trans-Atlantic political tensions, mainly over the gas pipeline, could undermine the Reagan admeeting of the Coordi-ommittee for Exports to Western sales of sensitive technology for strategic reasons, diplo-mats said. The U.S. bid also faces commercial resistance in European nations and Japan, which are more involved than U.S. companies in communist industrial markets.

Separate Issue

"Although the allies have momentarily agreed to disagree about the pipeline, the issue is too important to be ignored, so this meeting could show where the alliance is headed for the next few months," a U.S. diplomat said.

Although the Reagan administration maintains that the pipeline is a separate issue, not directly linked to the overall question of strategic East-West trade, U.S. and European diplomats said that alwillingness to toughen curbs on high-technology exports might open the way for a wider Western compromise on Soviet trade and enable the Reagan administration soften its action against the

The political overtones of the

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SENIOR EXECUTIVE POSITIONS

shed every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

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COCOM meeting are evident from the participants' ranks: The U.S. delegation includes assistant secretaries from the State, Defense, Commerce and Energy depart-

The Reagan administration attaches high priority to stopping the Soviet Union from using advanced Western technology to save time and money in modernizing Soviet forces. Arguing that most recent Soviet weapons systems incorpo-rate U.S. or European industrial discoveries, U.S. officials contend that 90 percent of the technology bought by Moscow in the West winds up in the modernization program of the Soviet armed

U.S. officials say that microcircuits exported in U.S. toys have been found in Soviet anti-subma rine buoys, that a dry dock sold by Japan was used to build a Soviet aircraft carrier, that computer software for airport control towers has been diverted to Soviet military planes' fire-control systems.

As a result, the Soviet Union has made huge savings on research in its military budget, thus raising the cost of Western defenses, U.S. officials contend.

"We think there is a general Western consensus that we are suffering significant leakage through trade that is causing us collective damage," a U.S. participant said, adding: "But there is still a lot of negotiating about how to balance security and trade in each sector." France, which is chairing the COCOM meeting, will play a crucial role in the atmosphere at the talks. The government of President François Mitterrand has been particularly outspoken in criticizing U.S. attempts to force Europe to restrict its commercial contacts with the Soviet Union. West Germany, with its new

center-right government, is expect-ed to be more conciliatory to the Reagan administration's views. Britain, normally close to U.S. views on East-West trade, is anxious to keep in step with other Euclious to keep in step with other Euclides ropean governments in the pipeline controversy, diplomats said.
The United States, in a related move, has tried to get NATO more

NATO Talks

deeply involved in reviewing Western trade with the Soviet Union.
But France and West Germany
have led European efforts to water
down the U.S. proposals, diplomats said. Japan, not a NATO member, is refuctant to see the military organization gain any role in commercial questions, they added.

### **Laborites Say** Oslo Must Not **Fund Missiles**

OSLO - Norway's opposition Labor Party has declared that it is against any government spending on launchers for new NATO mis-

The decision, announced Saturday by the Labor Party chairman, Gro Harlem Brundtland, a former prime minister, brought a sharp response from Prime Minister Kaare Willoch, who accused Labor of changing its mind on a program that it supported when it was in

Mrs. Bruntland said at the party's National Council that Labor would oppose any Norwegian fi-nancial contribution toward launchers for the 572 Pershing-2 and cruise missiles that may be deployed at the end of next year or early in 1984.

She urged postponing construc-tion of the launchers pending the results of the U.S.-Soviet nuclear arms reduction talks that began in Geneva in November. Under a NATO council decision of December 1979, deployment of new missiles would start at the end of next year should these talks fail.

Mr. Willoch said that Labor had reversed its stand of last June when the missile issue was debated in Parliament and Labor voted in favor of financing Norway's share of construction costs.

Mrs. Brundtland said that her stand did not mean that Labor was reneging on its support of the 1979 NATO decision. She pointed out that, apart from West Germany, nc European NATO member-state hald ruled on financing the deployment of the missile and that Norwirly, which will not have any rockets on its territory, should not act as 11/"spearhead."
Tio do so would be to bring po-

litical pressure to bear on such countries as the Netherlands and Belgi u.m. where the program was a

major; political issue, she said.

Whele the question was debated last June, the Labor Party was divided out the issue. Twenty-one anti-NA\\TO members of the Labor Party we're joined by !! leftists, as well as anti-nuclear nonsocialist members of Parliament in voting for a reso. Jution that said Norway "in the present situation" should not finance construction costs.

Now, they may be able to muster enough support to vote against any government bill on appropriation, a rid this may lead to a government er issis, observers said.



# Pipeline Row

By Stanley Meisler

Los Angeles Times Service

VAL DAVID, Canada — Secretary of State George P. Shuitz met for the first time with the other NATO foreign ministers over the weekend in a private session held under the shadow of the bitter dispersement over the Swiet natural.

agreement over the Soviet natural gas pipeline.

Before the meeting, U.S. offi-cials insisted that Mr. Shultz and the European allies had agreed to put aside the pipeline argument and discuss more general matters instead. It was hard to see, however, how the pipeline issue could be avoided at a time when many Europeans were known to believe that it was damaging the alliance.

In fact, the weekend meeting in the Laurentian Mountains of Quebec was first suggested as a way for NATO ministers to sit around in seclusion, without even advisers and aides, and discuss all NATO problems, including contentious

In all, 15 foreign ministers came for the informal and agenda-free sessions. Due to the change of government in West Germany, it was represented by a state secretary, Berndt von Staden.

Genscher's Idea

Ironically, the idea for this in-formal and secluded meeting came originally from the only foreign minister who was absent: Hans-Dietrich Genscher of West Germany. Mr. Genscher had suggested that the ministers might find it useful to meet informally without issuing communiqués or briefing the press in much detail about what was discussed. The switch of allegiance by Mr. Genscher's small party brought down the Social Democratic government of Hel-mut Schmidt Friday and brought in the Christian Democratic government of Helmut Kohl.

Mr. Shultz's first meeting with the NATO ministers as a group came during a period of great sternation and even anger in Europe over President Ronald Reagan's decision to ban American companies and their foreign affiliates or subsidiaries from helping in the construction of the pipe-line from the natural gas fields of Siberia to Europe. Many allies believe that the bickering between the United States and its most powerful European allies is weak-ening NATO.

For example, Britian's foreign secretary, Francis Pym, said at a luncheon in New York last week that "American measures have caused painful strains within the alliance

State Department officials have made it clear that, although the pipeline argument should be put aside for the time being, they do want to discuss the broad issue of East-West trade.

There has been speculation for some time that the Reagan administration might ease its sanctions on the pipeline if the European allies tightened restrictions on trade with the Soviet Union. European governments, however, are in no mood to restrict their trade with the Soviet Union while the United States continues to sell grain there.

## Iraq Claims to Repulse Iran Attack; Sudan to Aid Iraq With Troops

Compiled by Our Staff From Dispatches NICOSIA — Iraq claimed Sun-day that its forces had repulsed a third Iranian attack in as many days in the central sector of the Gulf war front.

Baghdad radio, monitored in Cyprus, broadcast a military communiqué saying that Iranian units attempting to cross into Iraq at Sumar, about 100 miles (160 ki-lometers) east of Baghdad, were forced to retreat after two hours of fierce fighting Sunday. The com-munique said the fighting brought

heavy Iranian losses.

In Khartoum, the official Sudan news agency said that Sudan had decided to send troops to fight alongside Iraqi forces. The agency said President Gaafar Nimeiri, who is also defense minister, met Sunday with his senior military aides to discuss the number of troops and weapons to be sent. The agency did not say when the troops would arrive in Iraq.

It said the the Sudanese decision was made in compliance with resolutions adopted last month at the Arab summit meeting in Morocco. The resolutions define foreign ag-gression against the territories of any Arab country as an assault on all Arab states.

Strategic Heights

Iran announced Friday that it had recaptured several strategic heights and 60 square miles of Iranian territory from the Iraqis in a predawn offensive. Iraq denied the loss of ground, saying the offensive

was repulsed.
On Saturday, the Iraqis said Ira-nian units tried to entrench themselves one to two kilometers inside Iraq while other units attempted to breach the Iraqi defense and march to the town of Mandali, about 70 miles east of Baghdad. A communiqué said that that offensive had also failed and that Iraq

was making preparations for a major counteroffensive.

Iraq's foreign minister, Sadoun Hammadi, flew to New York on Saturday to attend an emergency meeting of the UN Security Council that was demanded by Iraq to discuss "the latest Iranian aggres-

The Sudanese move would represent the first official involvement by the armed forces of any Arab state in the two-year-old Gulf war. According to the Iraqi news agen-cy, Iraq's forces have been joined by Arab volunteers - Moroccans, Tunisians, Somalis, Lebanese, Palestinians, Syrians, Jordanians and Egyptians.

The Saudi state radio called Sunday for "quick and serious pan-Arab moves" to back Iraq "before it is too late." It was the first Saudi call to be made since the start of the Gulf war. Earlier, a statement from the Saudi court urged Iran to respond promptly to peace efforts.

The radio warned Iran that it faced a "no-holds-barred" war with the entire Arab world that could lead to foreign involvement in the Gulf.

In Amman, the Jordanian government announced its support for Iraq and called on other Arab states to do the same in accordance with the resolution at the Arab summit meeting. Jordan has been an active supporter of Iraq in the war, having dispatched several thousand volunteers to fight alongside the Iragis.

moned to the Foreign Ministry in Baghdad and asked to grant military, economic and financial aid and to break off political, economic and financial ties with Iran, the Iraqi news agency reported.

## Russia Surveys Games Of U.S. Navy in Pacific

By Drew Middleton New York Times Service

WASHINGTON — Early last week two U.S. aircraft carriers and their battle groups began maneuvers in the northern Pacific, south of the Aleutian Islands, and the Soviet Union reacted at once.

U.S. military analysts said that Soviet Bear and Badger reconnaissance aircraft took off from Siberia to survey the two battle groups around the carriers Midway and Enterprise. Destroyers and submarines from the Soviet Pacific fleet and intelligence-gathering ships were immediately sent out to accompany the navy squadron, the sources added, and Soviet satellite Sions were altered to keep track

As the Russians see it, the analysts suggested, the carriers were operating within striking distance of the Soviet naval base of Petropaviovsk in the Kamchatka peninsula. Petropaviovsk and Vladivos-tok are the main operating bases for the Soviet Pacific fleet.

### China Replaces Navy Commander

BELJING — China's navy com-

mander, Ye Fei, who was widely regarded as being to the left of the dominant moderates in the country's leadership, was relieved of his post last month, Western diplonatic sources have said.

The sources said Saturday that he was replaced by Liu Huaqing, who had until September served as a deputy chief of staff of the People's Liberation Army. The navy, which is essentially a coastal force, is a part of the army. The sources said that it was not clear why the navy commander had been removed, although he was known to

have been in poor health.

It was the second reported major change in the Chinese military leadership since last month's 12th Communist Party congress, which gave full support to the reform policies of the country's paramount leader, Deng Xiaoping. Earlier, the army's political commissar was reportedly re-placed. Western diplomatic sources cautioned against interpreting the changes as being primarily aimed at weakening leftist influence in the armed forces.

the Russians could be expected to continue to show sensitivity to operations in areas close to their sea frontiers. The informants said that the policy of the U.S. Navy calls for exercises in areas where, according to one source, its forces might have to fight if there were a war, rather than in traditional midocean waters.

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### Control of Alaska

The rationale for the naval exercise was said to be that, in a war between the two superpowers, Alaska, which provides 15 percent of U.S. oil, would be a primary naval target. Control of Alaska, a Defense Department official said, "clearly would be an important Russian objective.

In this and similar exercises, the navy is abandoning a 40-year poli-cy of extended exercises. These long-term deployments, such as five months or more in the Indian Ocean, were bad for morale and for recruiting, the navy believes. Consequently, the present program favors exercises of two to four weeks in which ships and men work 24 hours a day in the seas and weather in which they would fight in a war.

The current exercise is likely to promote Soviet as well as U.S. war games. On such exercises, the Russians customarily deploy submarines to simulate attacks on U.S. carriers and other surface ships. During a recent North Atlantic Treaty Organization exercise off Iceland, five Soviet submarines entered the Norwegian Ses and practiced attack patterns against U.S. and other NATO ships.

One dividend from such activity, naval sources said, is that the navy has had far more operational contact with its potential adversary than any other U.S. military ser-

The emphasis today, naval officers said, is on anti-submarine warfare. In the event of war, they added, Soviet submarines must be neutralized in the Norwegian Sea and destroyed before they can move into the North Atlantic to prey on allied convoys.

A senior official said that the submarine threat "worries us more than the air threat." At the same time, he conceded that the Soviet Backfire bomber with its air-tosurface missiles would constitute a serious danger to U.S. naval de-

first day of a war.

He said the objective of the So-

cept, it appears to be well-founded. in view of both NATO's present defensive posture and the historic psychological inability of defenders to accept the need to yield ground, particularly home

would in the first day or two sever NATO's forward troops from reinforcements, destroy most tactical

nelly said, calls for each army group formation attacking from uional maneuver group from two directions, to punch through N.ATO defenses where the main for the was most successful. Soviet conn manders would then follow-up with a much larger army-sized of-

## Russi'a Said to Develop A Quick-Attack Plan

LONDON — The Soviet Army is developing an at tack plan to punch through NA TO defense forces quickly in an effort to win a European war in three to four days, a leading analyst, of Soviet

military affairs says.

Christoper Donnelly, a senior analyst at the Sovier Shuidies Research Center at Sandhui 1st Royal Military Academy, said the: Soviet objective would be to cut of frontline North Atlantic Treaty (C)rganization forces from reinforcament and to destroy the alliance's missile bases, particularly in West Сегшалу.

Mr. Donnelly's assessment was reported by the Press Association, Britain's domestic news agentary. His report will be be published shortly in the authoritative journ al International Defense Review.

Defense Ministry spokesmen de:clined comment on the report. Donnelly's Scenario

Mr. Donnelly's scenario became known several days after the International Institute for Strategic Studies reported in its 1982-83 assessment of the military balance that NATO forces suffer from a lack of central coordination and logistics problems.

The alliance, the institute noted, is outnumbered by Soviet forces and tanks, but it emphasized that there is "insufficient overall strength on either side to guaran-

Mr. Donnelly said Soviet tactics would be to use division-sized formations, backed up by armor, ar-tillery, missiles, helicopters and massive fighter support, to thrust at "very high speed" into the rear of NATO's defensive belt on the

viet formations, known as "operational maneuver groups," would be to win the conflict before NATO commanders had time to obtain political approval to use nuclear eapons.

Mr. Donnelly wrote: "As a con-

The Soviet plan, if successful, nuclear weapons sites in West Germany and destroy NATO field headquarters, he said. The Soviet concept, Mr. Don-

ast Germany to launch an operafensive along the whole front, Mr. Doninelly said.

## WORLDWIDE ENTERTAINMENT

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## Kohl's Big Obstacles: A Flagging Economy **And Political Turmoil**

By James Markham

New York Times Service
BONN — Inheriting West Germany's limping economy and a sharpening crisis in its party sys-tem. Chancellor Helmut Kohl is facing uphill odds as he attempts to hit the ground running with a promised "new beginning" in the nation's public life.

To his advantage, the new Christian Democratic chancellor, who unveils his cabinet Monday, can count on the goodwill of the West

### **NEWS ANALYSIS**

German business community and the Reagan administration in his first months in office. Both welcome a turn to the right in Bonn after 13 years of government dominated by the Social Democrats.

Mr. Kohl has made it plain that stimulating investment and reducing unemployment will be the priorities of his new government. There are signs that his ministers will try to capture the nation's at-tention, and sympathy, for the "mess" they have inherited from the Social Democrats. The image of a fresh team rolling up its sleeves and cutting out the fat of state expenditure could win the public's support, or suspension of judgment.

But, whereas pulling West Germany out of its steep recession is a long-term undertaking, Mr. Kohi faces some pressing, short-term po-litical dilemmas that could distract him and his three-party coalition from their larger agenda.

Free Democrats' Turmoil

The first is the disarray --- some would say disintegration — of the little Free Democratic Party, which was torn by a wrenching, destructive debate after it abandoned a coalition with the Social Democrats and switched to Mr. Kohl's party. A score of deputies from the Free Democrats' 53-strong Bundestag group ultimately voted against Mr. Kohl on the motion that brought him to power

The Free Democrats are scheduled to hold an emergency congress in Düsseldorf on Oct. 16 to debate their controversial new course. Though the meeting might be put off, the party will certainly begin a long-planned congress in West Berlin on Nov. 5.

At the Berlin gathering, the par-ty's left wing will probably mount a challenge to the leadership of the party chairman, Hans-Dietrich Genscher, who was the architect of the inelegant, slow-motion switch to the Christian Democrats. If the Free Democrats are eliminated from the Bavarian state legislature in elections there next Sunday as they were last month in Hesse - Mr. Genscher's foes in Berlin will have fresh arguments against the Bonn alliance.

An astute tactician, Mr. Gensch-

thority could be further weakened. The Free Democrats' weight in the cabinet has already been diminished with the loss of the key Interior Ministry, which they held un-der Helmut Schmidt, Mr. Genscher retains the posts of deputy chancellor and foreign minister.

### Attacks by Strauss

Any weakening of Mr. Genscher also weakens Mr. Kohl, because it strengthens the hand of their mustual opponent, Franz Josef Strauss, head of the coalition's third component, the Bavarian Christian Social Union. The Bavarian premier has kept up his verbal guerrilla war against the Free Democrats, saddling them most recently with co-responsibility for the "chaos" in the economy.

It was at the insistence of Mr. Strauss that, even before Mr. Kohl

became chancellor, the new coalition committed itself to a firm date for renewing its legitimacy through elections — on March 6, 1983. This date now haunts Mr. Kohl, because it inhibits planning for a long-haul economic recovery and, by definition, makes his government a transitional one.

Mr. Strauss reportedly hopes to replace Mr. Genscher as foreign minister after the pledged March elections, sensing that the Christian Democrats and his own party can win an absolute majority in Bonn and dump the faltering Free Democrats. If the Bavarian continues to insist on March elections, it will be difficult for Mr. Kohl to back off from this awkward com-

There are, for Mr. Kohl and the Christian Democrats, good politi-cal reasons for skirting early elec-tions. One is that the debilitated Free Democrats might fail to get into the Bundestag and be dis-placed by the radical Green antinuclear movement.

Warning on Greens In last week's emotional Bundestag debate, Wolfgang Mischnik, the Free Democratic floor leader, warned ominously — and a bit self-servingly - that the Greens' emergence as the power brokers in Boun would "shake the foundations" of West German pol-

But the alternative to March elections — holding on to power until the end of the legislature's 1984 mandate — also has disadvantages for Mr. Kohl. His route to power, through a no-confidence vote in Mr. Schmidt, was constitutional but unique in West Geman history; an odor of power politics, and intrigue, inevitably clings to his new government.

If Mr. Kohl reneges on the elec-tion commitment, he will find himself thrown on the moral defensive. And the big beneficiaries of such a spectacle could be the Greens, who thrive on a distaste among the young for "politics as usual" in Bonn.

## **Chancellor Promises** 'Friendly' Ties to U.S.

BONN - Chancellor Helmut

Kohl said Sunday that he will work to stabilize NATO and assure the United States that West Germany remains a reliable part-

ner.
"The Americans must know they have true friends," Mr. Kohl said in a television interview, which was taped and released to been many irritations recently." Mr. Kohl, who was elected chancellor Friday, said he would work for "reasonable, friendly and

partnership-like" relations with the United States.

"We conceive of the NATO alliance not as a military alliance, but rather as a community of ideas of people with the same concept of freedom and human rights," he

Mr. Kohl also said that he would work to ensure that conflicts between Europe and the United States, such as the recent dispute over the Soviet gas pipe-line to Western Europe, "will no longer be possible."

"But I think that from this inci-

dent above all we must learn one thing, that we in the European community must consult with our American friends before making

such decisions," he said. Mr. Kohl, a Christian Democrat, was elected by the Bundestag as deputies voted to oust Helmut

### **Musician Gould Hospitalized After** A Severe Stroke

TORONTO — Glenn Gould, who abandoned a brilliant career as a concert pianist in 1964 and became a virtual recluse, has had a severe stroke and is in serious con-

dition, according to his family. Mr. Gould, who turned 50 on Sept. 25, was stricken last Monday at his home in Toronto but the news was not disclosed until Fri-

day.

The pianist, noted particularly for his interpretations of Bach and the romantic composers, had con-tinued to record and compose after ending his public performances.

It was not immediately known whether there was any paralysis from the stroke. The family statement said Mr. Gould had been taken to a hospital. "He is ... in the intensive care unit and it is too early to determine if there will be any residual problem," the statement said.

Schmidt, a Christian Democrat, af-

In the interview, Mr. Kohl said he planned to attack immediately the problems of unemployment and a government budget for 1983.
"The truth is, that because our coalition agreement calls for new

ter eight and a half years as chan-

elections in March, we only have a few months' working time," Mr. Kohl said. "That means we must do the necessary now. And the necessary, we have already said, lies in the areas of the economy and the budget."

### **March Elections**

Mr. Kohl indicated that he would stick to his earlier statement that he wanted elections March 6. Polls have shown that the conservatives have the sympathies of a majority of West Germans now. But in a state election in Hesse a week ago, his party did not win a

majority.

Mr. Kohl did not give specifics, but he said he would request that steps be taken immediately to curb West Germany's growing popula-tion of 4.6 million foreign workers, 1.5 million of whom are Turkish.

"It is true that we cannot retain the present number of Turks in the Federal Republic — that our social system, the general job situation, cannot take it," he said. "We must very quickly take reasonable, human, socially just steps to make a return" of foreign workers to their native counties possible, he

The guest workers were originalwelcomed in the boom econom-years of the 1950s and 1960s. But as employment has climbed to 7.4 percent, many Germans now believe the foreign workers are tak-

on Saturday, 7,000 people chanting "Helmut, Helmut," turned up at Mr. Schmidt's house in Hamburg in a demonstration of

support.
"In two years you will certainly be back," a supporter shouted to Mr. Schmidt from the crowd. The next regularly scheduled elections are in 1984.

Talks With Mitterrand A Christian Democratic spokes-man said Sunday that Mr. Kohl would fly to Paris Monday for discussions with President François Mitterrand to stress his wish for continued close relations with France United Press International

reported.
Mr. Schmidt had an especially warm relationship with Mr. Mitterrand, and the French president was reported to be concerned at the change of government in West



## Hostility Marked U.K. Labor Party Conference

### Behind Cheery Facade and Bogus Unity Lurks Trouble as Elections Near

By R.W. Apple Jr.
New York Times Service

LONDON - Before the British political parties began holding their annual conferences, Sir Harold Wilson, the former prime min-ister, delivered a harsh judgment about the Labor Parry.
"Eight years ago," he said, "after four victories in five general

### **NEWS ANALYSIS**

elections, I told the conference that Labor had become the natural party of government. Today, we hardly present the image of the natural party of opposition."

This year's Labor meeting at Blackpool improved things a bit. It was the perfect example of the old British political maxim to the effect that "nothing concentrates the minds of politicians like an elec-tion." In this case, those whose minds were concentrated by the prospect of electoral combat next were the leaders of the big trade unions, and they imposed on the party a slightly bogus unity.

As the bloc votes of the unions swung, so swung Blackpool - to the right on organizational matters, to the left on policy.

Certain to Recur

When the annual jamboree ended Friday, the delegates were able to congratulate themselves on the fact that Tony Benn, the leader of the left wing, had pledged himself "without any reservation whatever to work for the election of a Labor government under the leadership of Michael Foot," and that Denis Healey, the leader of the right wing had managed to make a speech that suggested both the need for an incomes policy and the impracticality of putting one into

But behind the cheery facade lurked problems that seem certain to recur during the weeks and months ahead as Labor prepares Margaret Thatcher sometime next

year.

The unions gave Mr. Foot the authority, and the votes on the party executive committee, to expel the ringleaders of the Militant Tendency, the Trotskyite splinter group that has so preoccupied the party in recent months. But Mr. Benn promised to fight expulsions, and on Thursday he formed yet another left-wing pressure group

The unions made it possible for the conference to approve by a two-thirds majority, after 20 years of debate, a resolution calling for the elimination of all nuclear weapons, U.S. as well as British, from the country. But Mr. Healey and several friends said they could not serve in a cabinet pledged to a non-nuclear policy.

All through the conference ran a current of hostility. The constituency representatives - the party activists, who are predominantly left-wing - reacted furiously to being outvoted by the unions. Many said openly that they would refuse to move against the militants, and many said they expected to be "betrayed" by the leadership on disarmament when the party manifesto was drafted:

The country will be watching carefully to see what happens next

### Suharto Legalizes Role of Military In Government

JAKARTA — Indonesia's armed forces, for long the effective power base in a nominal parliamentary democracy, have for the first time gained a legal basis for their role.

President Suharto quietly signed four bills last week covering basic defense and security policies, volunteer services, conscription and military reserves, and on Saturday he swore in a new legislature domi-nated by the armed forces.

The most important bill legal-ized the military's so-called "dual function," stating that the armed forces were "a component of the defense force and at the same time a component of the social force." Serving and retired officers in the 350,000-member forces are re-

sponsible for much of the day-to-day running of Indonesia. The new bills legalized a military role that has existed since President Subarto's administration emerged from the anarchy of President Sukarno's later years and the Communist coup attempt in the mid-1960s. They also formally incorporated the police into the mili-

tary structure.

- in the poils, in a pair of by-elections this month and in the strug-gle against the Militant Tendency. British newspapers have made the ousting of the left-wing group a kind of litmus test of Labor's seriousness. Their attitude was summarized in an editorial in The Times that ended: "A start has been made in Blackpool, but it has still to be shown whether there is

Captive of Unions No matter what happens, the Social Democratic-Liberal alliance will try to picture Labor as more than ever the captive of the trade unions, which are highly unpopu-

the will and the capacity to do

more than just wash the party's

face in preparation for the elec-

lar in many quarters. Roy Jenkins, the Social Democrats leader, sounded this theme Thursday

"The trade unions saved Mr. Foot's bacon," he said. "Mr. Foot is going to find that the price of bacon is now very high indeed. The trade unions dominate Mr. Foot and they dominate the Labor Party. They would manifestly dominate a Labor government in the future.

But someone must win the next lection, and no political group in Britain is without its problems. Mrs. Thatcher will probably face the voters with four million unemployed, and with the aura of the Falklands victory fading. The alli-ance is squabbling internally. These difficulties are unlikely to evaporate during the Tory and Social Democratic conferences in the next two weeks.

To be sure, Labor has slipped badly in the last decade or so. But its support, whether in the polls or in by-elections, almost never fails below 30 percent. And, however feeble it night sound, that bedrock level of class-conscious support could be almost enough to win an election. With three major contenders, anything above a third of the vote stands a chance.

This is why Mrs. Thatcher and her ministers so roundly denounce the alliance; they fear that it could split the "anti-Labor" vote and allow Mr. Foot to become prime

## Haughey Is 'Confident Of Winning Party Vot

DUBLIN — Prime Minister Charles J. Haughey said Sunday that he was "absolutely confident" he would defeat a bid to oust him as leader of Ireland's ruling Fianna

Fail party.
"I welcome the decision to settle the issue once and for all," Mr. Haughey said in a radio interview.

Charles J. McGreevey, a rankand-file member of the Dail, or
parliament, has asked for a vote
within the Fianna Fail parliamentary group when it meets Wednesday. Mr. McGreevey said he is challenging Mr. Haughey because the vast majority of the party and the country wanted an end to "government by deals and political

The move was the second challenge to Mr. Haughey's leadership since he became prime minister on March 9. In July, he survived a vote on a no-confidence motion introduced by the opposition Fine Gael party.

### No Backing Off

in a reference to the earlier chal-

In a reference to the earlier challenge, Mr. Haughey said: "This time, they are going the full course. No more going to the tapes and backing off."

Mr. Haughey, 57, took power in a so-called palace revolution that forced Prime Minister Jack Lynch to resign in 1979. Since then, Mr. Haughey has had to contend with a dissident element within his party that had backed Mr. Lynch and opposed him as Mr. Lynch's sucopposed him as Mr. Lynch's suc-

### Thais Intercept Czech Plane

The Associated Press BANGKOK - Two Thai F-5E fighter planes intercepted a Czechoslovak commercial airliner over northern Thailand Friday and escorted it to Bangkok where it was searched, a Royal Thai Air Force spokesman said Sunday. The plane was later allowed to re-sume its flight. The reason for the search was not reported.

cessor. He has been under fire his economic policies. "I want this thing to foursquare," said Mr. Haugh

No more shilly-shallying."
The national executive of Fig. na Fail the body that runs the ganization, was summoned to me Monday on the situation.

### Soviet Group Ask Brezhnev to End Shcharansky's Fa

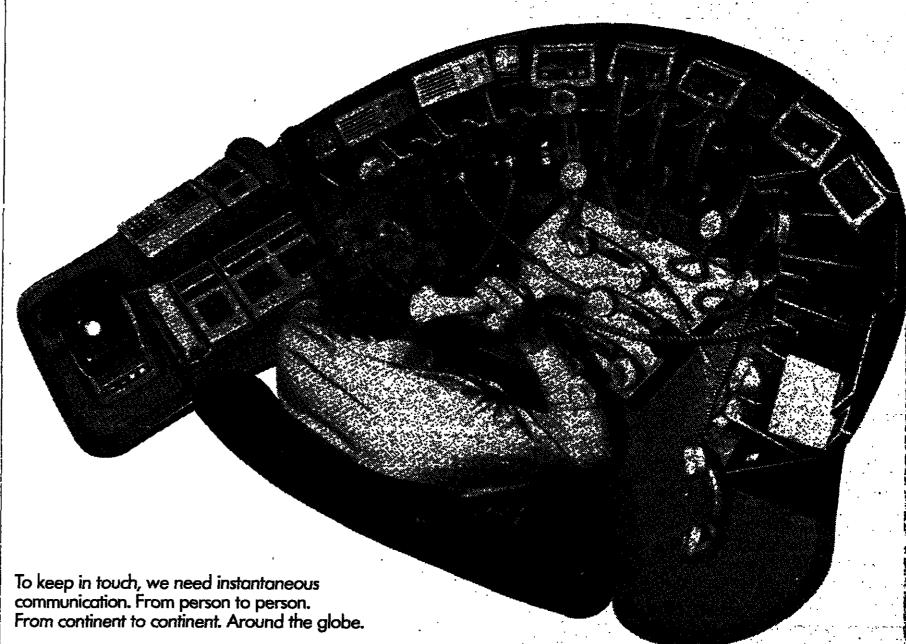
United Press Inter MOSCOW — A group of Sovhuman rights activists appealed.
President Leonid I. Brezhnev St day to prevent Anatoli Shchari sky from starving to death or nger strike. "The friends and close ones

Anatoli Shcharansky turn to yo a telegram to Mr. Brezhnev sa "with a request to take measures save [him] from threaten The 29 men and women

signed the statement said they the prison authorities ban on Sheharansky's letter-writing pri leges was "an illegal probibition Mr. Shcharansky began the I to protest the authorities' refu to allow him to send letters to re tives or communicate with the o side world, his mother, Ida N grom, said. There has been no port on Mr. Shcharansky's hea since he began the hunger stri-but Mrs. Milgrom said she w told he would be force-fed. said he was "a literal skelet when she last saw him in Janua

Mr. Shcharansky, 34, a form computer programmer, had soul to emigrate to Israel before he sentenced in 1978 to 3 years prison and 10 years in labor can on charges of espionage. His pron sentence was extended the

## Conversation pieces.



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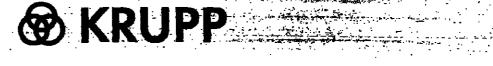
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## A Dialogue of Fear

Whatever their actual words in meetings st week and again Monday, what are Secre-ity of State George Shultz and Foreign Minter Andrei Gromyko saying to each other?

de can pretty well guess.

Gromyko: We don't think you want to cal with us as equals. Some of you expect ar economic collapse. Some of you prefer wage cold war to hasten the collapse. Most you pine to achieve military superiority. ou are talking to us about arms control, but

nly insincerely, to appease anxious public pinion in Europe and America. Shultz: We don't think you want a stable orld. Under the cover of détente you have equired more arms than your defense re-nires. For every major problem, Afghani-an or Poland, you have only military an-vers. Your arms and proxies encourage war Central America and Africa, aggression ainst Cambodia, radicalism in the Middle ast. Most recklessly, you agitate against our fluence in Western Europe, to upset a delite balance on the most dangerous front.

Gromyko: We are eagerly trading with pitalist Europe, not trying to weaken it the ay you want to weaken us and our allies, e are agitating against missiles in Europe, cause they could reach us in only live mines. But we know who has the power in the est. The United States would stand first in ir diplomacy if it showed a mature respect if the interests of the Soviet Union.

Shultz: We can respect any real interest u show in turning down the arms race. We ive been more than tolerant in financing our repressive and failing regimes in Eastern urope. We sell you our grain, for mutual rolit. But we will not be maneuvered into ilitary inferiority. We will not subsidize our military machine and its export of tyrmy. If we are going to avoid blowups, we ed agreed rules of international conduct.

Gromyko: They cannot be rules that let the United States patrol the seas and continents up to our frontiers, while we are "contained." The Soviet Union has as much right

to help its friends as you have to help yours. Shultz: If your friends can be helped only by invasion and putsch and terrorism, we can hardly be blamed for helping ours to defend their sovereignty and stability. Gromyko: Our vital interests are clear and

yet you threaten them.

Shultz: Our vital interests are clear and yet you threaten them.

Call it sterile negotiation or mere disputa-tion, a search for detente or excuses for cold war, the argument has been much the same since Sputnik circled the earth 25 years ago this week. That first satellite signaled the permanent vulnerability of the Soviet and American peoples to each other's missiles. The fears thus generated still dominate their poli-tics and have never been assuaged for long. A symmetry of fear does not imply a bal-

ance of right and wrong. The persisting anxieties do not justify every kind of response. But they do mean that the arms control agreements and other major understandings of the last two decades are not taking root. And the palpable mistrust means that no new negotiations can succeed until the two governments are able to define the foremost erests to be served.

The essential division of Europe - is it to be maintained or perpetually challenged? And if defied, by Poles or West Germans, how are the superpowers to respond? Can rivalries elsewhere be contained and confined to nonmilitary action? And if the nuclear arms race is to be halted, precisely what is a stable balance among asymmetrical arsenals? Until these questions appear on the agenda, nothing hopeful will have been said.

-THE NEW YORK TIMES.

## **Instability in Bonn**

With the fall of Helmut Schmidt's governent, West Germany embarks on a period of rty maneuvering and instability. The new ancellor, Helmut Kohl, is a competent and perienced politician who is unlikely to ake large and sudden changes in basic polis. But whether he sits firmly in the saddle very much an open question.

The vote of no confidence and the installa-

m of Mr. Kohl were the climax of a long mpaign of parliamentary intrigue and everness of a sort that West German voters not much like. Mr. Schmidt has desunced his former partners, the Free Demoats, for switching sides without first going a national election. That reproach is likely have resonance throughout the country, here was sharp division among Mr. Kohl's inservative supporters on this point, and the ee Democrats themselves split over it. All West German politics through the coming il and winter will revolve around the elecans that are now scheduled for March. The FDP's stake in the timing of the elec-ons is survival. Polls indicate that if the

election were held today, the party's vote would fall below the 5-percent minimum required for representation in the Bundestag, and the Free Democrats would vanish. Their bargain with Mr. Kohl's Christian Democrats is to provide support now and hold the elec-tion later — after they have had time, pre-sumably, to repair their standing in the coun-try. You are entitled to a degree of skepticism about that strategy. At the least, this bargain is a constraint on the new chancellor in his efforts to establish himself as a figure of an authority equal to that of his predecessor. Mr. Schmidt has been for eight years a

source of strength to his country and to the alliance of the Western democracies. He has led his country with great skill, holding its purposes steady in a time when, as in most of the Western countries, his government was being gradually eroded by the poor perform-ance of the economy. Many Americans will recall wryly that he was never an uncritical friend. But it is not the uncritical friends who serve the alliance best.

-THE WASHINGTON POST.

## Other Opinion

### risly Vertigo in Iran

The giddy ease with which lives are snuffed it in revolutionary Iran is by now an old ory. [It speaks] depressing volumes about is state of Iran, volumes that defenders of e late shah can read with snnig satisfaction.

— The Pittsburgh Post-Gazette.

### he 'Jews' of Beirut

The place in which a population takes rege, the place where it is corralled, shut in, it off — such a place is called what? A ghet-. A punitive raid that spares neither women or old people nor children, and during hich the raiders carry out a blind massacre, called what? A pogrom.

Persecutions like that have been inflicted

1 all the minorities of the world. But in the slective memory they are associated with hat? With what the Jews suffered in Russia, r a start. In Beirut, in the camps of Chatila ed Sabra, at least a thousand Palestinians und themselves in that situation. In their letto they suffered a pogrom. They were the

ews" of their slaughterers.

— Le Nouvel Observateur (Paris).

### hancellor Kohl's Turn

Any West German chancellor is primarily dged abroad, in the East as well as the est, by his steadfastness on defense issues, id on this count Herr Schmidt has thorighly earned both the irritation of Moscow d the gratitude of his NATO partners. His termination, unshaken to the end, to ac-pt, if need be, the new generation of cruise id Pershing missiles on West German soil,

even if such an acceptance should result in his downfall, was an act of personal and political courage which has done much to hold

the Western alliance together. Inevitably there will now be something of a vacuum in the top people's club. It would not be surprising if the Bonn-Paris axis lost its shine, at least at the personal level. By the same token, Mrs. Thatcher now finds she has a political soul-mate in Bonn.

- The Sunday Telegraph (London).

West Germany, in spite of its placid surface, is not an easy country to govern and is growing less easy as new generations grow up uninhibited by memories of Weimar or the Third Reich. In its long reign, the SPD-FDP coalition strove with diminishing success to contain the growth of radical politics. But fundamental dissent - principally on the left, but expressed through the anti-nuclear, "Green" and "alternative" movements — has been extending since the late '70s. If these movements were prepared to give Chancellor Schmidt a hearing when he begged them to restrain themselves, they will see no reason to do any favors to Chancellor Kohl. - The Observer (London).

The Federal Republic will have a different, shockingly weaker government whose foundation is nothing more than the ambition of

two lightweights — Hans-Dietrich Genscher and Helmut Kohl — to survive. — Frankfurter Rundschau (Frankfurt).

After the pro-Soviet Schmidt administration leaves the political scene, the atmosphere between East and West will grow tense. — Tokyo Shimbun.

### OCT. 4: FROM OUR PAGES 75 AND 50 YEARS AGO

### >07: Tensions in Cuba

ARIS - Today's editorial in the Herald ads: "Labor conflicts evidently find a connial soil in Cuba. At the present moment, dustry in Havana is paralyzed by strikes at involve the railway employees, masons, par-box makers, the women engaged in the gar factories, lithographers and even the comstick makers. The various parties in is struggle between capital and labor are fusing to entertain the idea of any comomise, and it is feared that grave disturnces may take place when some 'strikeeakers' arrive from Boston. Fortunately for tive and foreign interests, the government the island, under Governor Magoon, is in rong and capable hands."

### 1932: Roosevelt's Evolution

PARIS — Governor Roosevelt's power speech was easily the best of his Western trip. It was based on a genuine familiarity with the material under discussion; it is factual; it rings true. As governor of New York, he not only inherited Alfred E. Smith's power pohcies, but came to grips with the problem of applying them. After campaigning furiously upon a vague and emotional water-power issue and appointing a radical or two to the Port Authority, he abandoned the grandiose schemes of state distribution with which both former Governor Smith and he had flirted, and turned toward an accord with the existing agents of distribution. His federal policies reflect the same trend of thought.

JOHN HAY WHITNEY (1904-1982), Chairman KATHARINE GRAHAM and ARTHUR OCHS SULZBERGER, Co-Chairmes

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## A Nuclear Blackout That Needs Lifting

WASHINGTON — After a two-month summer recess, the U.S.-Soviet talks on the control of nuclear arms have resumed in Geneva. It would not be unreasonable to say that these may be the most important diplomatic negotia-tions of our time, or any time. The odd thing is that so few people know anything about them. This is not because there is a conspiracy of

silence. Nothing would be more damaging to the success of these talks than daily briefings by the ambassadors for reporters outside the door.

There is a problem, however. Both sides have agreed to keep the details of their day-to-day disgressions are the details of their day-to-day disgressions.

agreed to keep the details of their day-to-day dis-cussions private, but they have also agreed that the broad principles of their negotiations and the way the talks are going should be made public. They have been faithful to this on the whole, but there has been very little analysis in the American press or even in the universities about

their different approaches to a question that involves the peace of the world and maybe even the future of the human race.

The renewal of the nuclear talks in Geneva

was ignored in most American newspapers.
When Eugene Rostow, director of the U.S. Arms.
Control and Disarmament Agency, recently
made a brilliant address to the Los Angeles
World Affairs Council defining the conflicts at
Geneva, his remarks were not even reported, let alone analyzed, in most of the serious publications in America. The question is not whether the U.S. or the Soviet approach to the control of nuclear weapons is right, but why they are not discussed as carefully as President Reagan's economics, or the strike conflict between pro

football players and owners.

One reason is that the atomic issues are so technical and complicated that they are beyond By James Reston

the understanding or even the imagination of most people. The United States and the U.S.S.R. both now have approximately 7,500 ballistic missile warheads, enough to blow up the world several times over, and there is endless argument about the comparative advantages of land-based missiles or sea-based missiles, multiple warheads, "conject" conject missiles and other mysteries.

"smart" cruise missiles and other mysteries.

The Reagan administration is confronted by some influential people who want a nuclear

agreement with the Soviets at almost any cost, and by others who wouldn't risk a deal with Moscow no matter what the Soviets promised.

Accordingly, the tendency is to "leave it to the experts," most of whom nobody knows, and this is also true of the press and the universities, which are not constructing on the control and which are not concentrating on the control and spread of nuclear power and nuclear wastes, although this may be the most important question for the preservation of the civilization that

such institutions presume to represent.

At least a few American newspapers have spent much thought and money on the education and training of reporters to cover the tangles of economics or the law, and to master the languages of the changing world they have to cover, but most of them have done very little to train people to watch and report on the growth, the possibilities and the dangers of atomic power. This may be the most important "beat" in the journalistic and scientific world today.

Similarly, at least some of America's best universities have schools of Soviet studies and African studies — oddly very few on Middle Eastern or Latin American studies — but none, to my knowledge, on atomic studies. There are

some classes — for example at Stanford Univer-sity among other places — on "arms control." These have proved to be popular. But, in general, the instruction is sadly inadequate to the re-

quirements of the nuclear age.

The U.S. diplomats at Geneva claim that America is behind the Soviet Union in the development of many atomic missile systems. The Soviet diplomats insist that they are behind the United States in other nuclear weapons.

It reminds me of an argument during the last world war when the late Adlai Stevenson, then in the Navy Department, was talking to a Soviet

world war when the late Adlai Stevenson, then in the Navy Department, was talking to a Soviet diplomat about the delivery of supplies to Moscow. Mr. Stevenson protested that the Soviets were behind in defining what supplies they needed. The Russian complained that Washington was behind in delivering the goods. "I have not come here," the Russian diplomat said, "to discuss my behind but to discuss your behind." cuss my behind but to discuss your behind.

cuss my behind but to discuss your behind."

Complicated as this devilish subject is, and even admitting that the tangle of arguments about throw-weights and multiple warheads is beyond the ken of most concerned people, it should not be impossible to do a little better in reporting and explaining why these two principal nuclear powers, who are committed to control their own nuclear arsenals and avoid the proliferation of nuclear weapons are not able to agree ation of nuclear weapons, are not able to agree on at least a reduction of the weapons that threaten the peace of the world.

If they cannot resolve this problem, they have

an obligation to explain it, and the press and the universities should train the coming generation to keep it up front so that the people can understand what is at issue — which may very well be the lives of their children.

The New York Times.

## When the Kremlin **Battens Down** The Hatches

By Dusko Doder

MOSCOW — There are times when the Russians are eager to convince everyone, including perhaps themselves, that they are joining the modern world. One such time came in 1980, before the Olympic Games in Moscow, when the Soviet Union introduced the world with the rest of the world.

Two years later this cautious experiment in direct communication through the Iron Curtain has been choked off, in an apparent attempt to preserve isolation from the capitalist world. (Links within Eastern Europe continue uninterrupted).

At the same time, the political po-lice of the Committee for State Secur-ity, the KGB, have moved decisively against the few remaining political dissidents and Jewish activists, who have been warned in no uncertain terms that outspoken opposition will no longer be tolerated.

By a coincidence that was, as West-ern analysts in Moscow say, no coin-cidence, the authorities have renewed pressure on foreigners who maintain contact with Russians. The harassments range from punctured tires to the detention of two Russians traveling in a Canadian diplomat's car.

None of this is illogical in a society whose government seeks to control all channels of contact with the West. Without direct dialing the KGB's technicians will have much less difficulty monitoring international calls. Closer monitoring will allow the KGB to squeeze the channels between Soviet citizens, Westerners and Soviet émigrés in the West through which dissident ideas have reached Europe and America, from there to

ple via Western radio stations. It is puzzling that the authorities have taken a decidedly harsher stand at a time when it is increasingly difficult to speak of a dissident move-ment. What was called in the early

In the search for an explanation of this abrupt tightening-up, speculation has focused on the new KGB chief, Vitaly Fedorchuk. A no-nonsense

was close to the turnou in heighbor-ing Poland. He warned in an article last year against Western "ideological subversion" aimed at the "spiritual decomposition" of the Soviet Union.

political dissent altogether. While in the past Moscow's harshness toward deviation at home may have been inhibited by Western public opinion, Soviet-American relations have positions in Moscow and then in the reached such a low point that West-

ern disapproval could have little le-verage in Moscow, some speculate. It is now 18 years since Leonid Brezhnev and his colleagues deposed Nikita Khrushchev. Mr. Brezhnev appears to have bounced back from his grave illness of last spring, but the party remains preoccupied with the succession question. The appointment of the Education of the succession of the succes ment of Mr. Fedorchuk to head the security apparatus may have been due to a desire in the Polithuro not to give any politician control over the KGB during the transition period. Nobody professes to know how long the transition period is going to last. But Western specialists believe signs of internal tightening suggest precautionary measures for stresses

The Washington Post.

## Clipping Mideast Fuses

By W.W. Rostow

A USTIN, Texas — Prospects for peace in the Middle East depend in part on the future relations of the United States and Soviet Un-

of the United States and Soviet Union with the region, including particularly the flows of arms.

Neither capital has cause to draw great satisfaction from its Middle Eastern policies, which date from 1955. In that year the Baghdad Pact was created under British leadership, but with U.S. support, linking Iran and Iraq to Turkey and Pakistan. This stemmed from the Korean War and was designed to deter a commun.

and was designed to deter a commu-nist thrust into the Middle East.

Perhaps directly in response, per-haps to exploit an apparent opportu-nity, the Soviet Union leapingged the northern tier's new arrangement with its watershed 1955 arms deal

with President Nasser.

Between 1955 and 1981 the United States sent perhaps \$24 billion in arms (at current prices of the day) to the Middle East; the Soviet Union sent about \$26 billion worth, excluding shipments from Eastern Europe and outlays during the occupation of Afghanistan. Aside from America's special connection with Israel and Turkey's membership in NATO, none of the relationships between the superpowers and the Middle Eastern countries has proved stable.

The reason for the costly but fruitless decades of countrilor is avident.

less decades of contention is evidentby that the countries and peoples of the region are dominated by national interests and passions that resist stable alignment with either the United States or the Soviet Union.

While the superpowers have sought to gain advantage, or to finit disad-vantage, Middle Eastern governments have used each or both for their own purposes as they conceived them at different times. The political dynamics of the Middle East have decreed that neither Washington nor Moscow could be certain against whom its arms would be used.

Despite the extraordinary vicissi tudes of the region, economies and the level of education have risen. Na tional assertiveness and technological capacity will grow, and the prospects

of hegemony under any external pow-er will progressively decline.

An honest paper surveying the past
27 years and the future prospects,
written by either the secretariat of the Soviet Presidium or the National Security Council staff in Washington, would have to conclude that the interests of both powers would be better served by an agreement to jointly use their influence to encourage peace in the area, including parallel restrictions on the flows of arms. While the influence of both powers, when in contention, has proved tran-sitory or cosmetic, a joint effort of palpable integrity to encourage peace might be quite influential.
As Middle Easterners survey the

results of the Iran-Iraq war, the deba-cle in Lebanon, Israel's staying power, enormous unfulfilled tasks of economic and social development, and swollen military budgets, it is con-ceivable that they might conclude, as Anwar Sadat did, that the time for real peace has arrived. A joint U.S. Soviet initiative might help, and might provide, as well, a framework for a settlement in Afghanistan.

The writer, professor of economic and history at the University of Texas at Austin, was special assistant for national security affairs to President

## About Use and Misuse of the Holocaust by the State of Israel

L ONDON — Few Western readers have access to the Hebrew press in Israel or are aware that many issues considered too sensitive for public discussion in the West are freely debated in the wide range of Hebrew newspapers and periodicals.

I have in front of me a particularly

striking example. It is a translation of a long article in the literary review Yiton 77, published in Tel Aviv. The author is the Israeli writer Boaz Evron and his subject is the holocaust. Or rather, in Mr. Evron's words, "the use made of the holocaust as a means of propaganda," and the damaging effect he believes this has had both on the Jewish people and on the state of Israel, and most of all on Israel's relations with the outside world.

The author starts by reminding his readers that the Jews were the principal but not the only victims of the holocaust. Recalling the brutality with which the Nazis also exterminated millions of Slavs (3 million non-Jewish Poles and an even greater but unknown number of Russians, to say nothing of the Gypsies), he observes that the fate of the Jews, however

frightful, was not unique.

The point is of importance to him not because he wants in any way to minimize what happened to the Jews but because he thinks that the Zionists have made a great mistake by trying, as he says, to "monopolize" the holocaust as a truly Jewish experience. In doing so, he says, they have only reinforced the Nazi thesis that Jews stand somehow apart from the mainstream of the human race.

This has strengthened what he calls the "paranoiac reaction" of some Jews, who feel themselves "cut off from humanity and its laws." This in turn, Mr. Evron says, may encourage some Jews, when they find themselves in positions of power, to misuse that power, treating non-Jews as "different" and thus subhuman thereby reflecting in their own behavior the attitudes of which they feel themselves to have been the victims.

The Eichmann trial in 1961 revived memories of the holocaust and created, inside and outside Israel, a new awareness of it. Mr. Evron believes that, quite apart from the natural desire to inflict punishment, by using Eichmann as the symbol of the whole murderous tyranny that he represented the trial was exploited in a coldblooded way as "a means of practical policy, aimed at practical gains."

By Michael Adams One of the principal gains, he says, was to heighten the sense of guilt of the Germans: to put Germany in a situation of permanent disadvantage in the eyes of the world and to exploit

still greater payments in reparation for the crimes of the Nazis, but by insisting at the same time (quite rightly) that mere money could not comcensate for the sufferings of the Jews. This aim the Israelis achieved, but the price, Mr. Evron suggests, was a high one for Israel itself. For the relationship established with West Germany, which was to become "the model for Israel's relationship with most of the Christian countries of the West," was an abnormal relationship. It was not based, like any normal re-

this situation not only by extracting

a balance of mutual advantage and obligation. It was a relationship in which one party, because of its sense of guilt, was under an obligation to provide the other with every kind of moral and material support - and could expect nothing in return.
This, Mr. Evron believes, was very harmful to the Israelis because it constructed a kind of "political and economic glasshouse around Israel," a transparent shield which insulated Is-

rael from political and economic realities. As a result, he says, "Israel, from the moment of its establishment, has never had to face up to the real forces operating in the world."
Protected in this artificial way from the realities with which a nor mal state has to cope, Israel devel-

oped political and economic systems

that were abnormal from the start and have grown more abnormal as Israel has continued to live in this unreal and sheltered vacuum.

One paradoxical consequence of this, he remarks, has been to frustrate the central aim of Zionism, which was to enable the Jews to live normal lives in a state like any other. Instead, he observes, the way in which Israelis have used the guilt feelings of the outside world as a kind of cruich has acmaily prevented Israel from becoming a normal state. It has imposed on Israel "the status of a permanent beggar, unable to support itself" and living "on the credit of the 6 million," dependent in every respect, even for its military power, on the assistance it is able to extort from others.

Mr. Evron describes this as a pro-

## Now a New Symmetry of Suffering

WASHINGTON — Palestinians W have now had their Babi Yar, their Lidice. The Beirut massacre has altered the moral algebra of the Middle East, producing a new symmetry of suffering. Israel's health now depends on turning a feeling face to the world, and internalizing this fact: Simply by being the strongest power in the region, Israel is implicated in (which does not mean it is responsi-ble for) the flow of events.

Babi Yar was a German massacre of Russian Jews. Lidice was a Czechoslovakian town where the populace was massacred in reprisal for the assassination of an SS officer. The sensibility of this century has been shaped by the sight of such things; the syntax of society has been wrenched out of shape by the flat language — "eliminate," "liquidate," "finai solution" - that has been used to denote what the pictures show. Israel exists not only because of

such events in Europe but also because of pictures of them. Pictures generated passions to supplement le-galisms in the struggle to found Israel as a haven for wandering Jews.

Experience, it is said, enables the By George F. Will

truculent in a crisis - this time in response to what has befallen some wandering Palestinians who, like Jews in Europe 40 years ago, were defenseless in a murderous situation.

Because Israel's army is justly famous for competence, it is in danger of being unjustly notorious for comolicity in the massacre. The world is in no mood to consider the fact that confusion normally attends military operations and that in Lebanon the normal quantity of confusion is cubed. Persons who do not understand this will think that whatever happens in an Israeli zone of operations is what Israeli forces intend Therefore, it is urgent that Israel make clear the mixture of intentionality (if any), incompetence and innocent inability on Israel's part in

events that led up to the massacre. If you believe, as I passionately do, that Israel incarnates the response the reproach - of intelligence to animalism, then you expect Israel to show "a decent respect to the opinions of mankind." A "decent" respect world to recognize a mistake when it does not mean pandering to whatever makes it again. Menachem Begin, an passions are predominant at the experienced man, again seems determined to appear only lawyer-like and spect to the opinions of mankind"

Jefferson in the Declaration of Independence. It underscored the fact that the American Revolution was

based on principles.

Israel, like the United States, embodies principles with a claim to general validity, including principles of democracy. A democracy becomes corrupted when there is no penalty for failure, or no willingness to acknowledge failure. The essential business of democracy is the locating and enforcing of responsibility.

The Washington Past.

that one keeps drawing on.

### LETTERS TO THE EDITOR

### Begin and Reagan

A recent editorial asked, "Why that familiarity breeds contempt.

### Rome

tiveness about West German affairs The German political psyche is prote to see matters in terms of black and white, a tendency which in the past has led to major aberrations and poor political choices. Since 1949 the FDP has softened transitions, bridged of posing views and helped the democratic process to function successfully in a nation still apt to lear itself apart over political differences. All efforts should therefore be made to assure

Lond

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be beamed back to the Russian peo-Ukraine, Mr. Fedorchuk may want to make his mark on the vast organization he has been heading since May.
As head of the Ukrainian KGB, he

1970s the democratic movement, a loose coalition of several hundred intellectuals, exists no more. Its memtion of typed, dissident manuscripts, which once flourished, has dwindled.

professional who reportedly served as a KGB operative in Vienna in the early 1950s before moving to senior

was close to the turmoil in neighbor-

But Western diplomats find this bers are exiled, dispersed, jailed or analysis only partially satisfying. No demoralized. The informal circula-one official, and particularly not a one official, and particularly not a political outsider like Mr. Fedorchuk, can make such an important decision. A possible explanation is that the authorities have decided to stamp out

and strains that are bound to come when Mr. Brezhnev leaves the scene.

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Lyndon B. Johnson.

cess of "moral blackmail" in which Israel's leaders constantly play on the theme of the holocaust "in order to make their listeners feel guilty." Is rachis traveling abroad remind their hosts of the holocaust. Important vis-

stors to Israel are taken to Yal

Vashem, the intensely moving memo-

rial to victims of the concentration camps, as part of a "getting-to-know-Israel process" and in order to arouse in the guest "the proper feeling of rinal guilt that is required of him. Because they do harbor guilt fed-ings about their failure to save less from the holocaust, the Christian countries of the West have submitted to this moral blackmail and have sup-ported Israel, as Mr. Evron says, "is beyond, and at times even against. their own legitimate national inteests." Changes of government in lartel have made no difference. What is calls Mr. Begin's "holocaust rhetoric" follows the tradition established by previous leaders — and he makes the interesting point that none of Israel's leaders has known how to handle the Third World, because Israelis "have had difficulty in finding any language in which to communicate with comtries that have no guilt feeling toward the Jews." How, he asks, "can you accuse China of anti-Semitism?"

But where the Western world is concerned, Boaz Evron (writing by fore the invasion of Lebanon) warm his fellow countrymen that time is running out. The stock of guilt feetings is like a limited bank account

The writer is editor in chief of Mid-die East International This article appeared in The Guardian in London.

doesn't Menachem listen when Ron insists?" The answer, quite simply, is MARIO FUSCO.

The FDP's Function

Regarding "Tail Wags Bonn Dog Again" (IHT, Sept. 21):
The commentary on the role of the FDP falls short of your usual percep-

the survival of the FDP.

CONSTANTINE BODEN

## gnic east 3es

Rostow Prospects for Middle East de pe future relations to and Soviet United Middle Prospective P

including particuthe cause to draw from its Middle which date from the Baghdad Paci British leadership, port, buking Iran ex and Pakistan i the Korean War of deter a comment o deter a commu Middle Last. in response, per mon seablessed

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After about 20,000 protesters gathered near the site, a police spokesman said, a breakaway group tried to storm a protective fence, throwing gasoline bombs, stones and bottles. Police in not gear held them off with water cannone and tear gas, he said.



energy Dept. Assailed In U.S. Agency Report On Fiscal Management

By Judith Miller New York Times Service

WASHINGTON - Financial mismanagement and inadequate internal controls are rampant in the Department of Energy, according to a new report prepared by the General Accounting Office, an investigative arm of Congress.

One of the most extensive reviews of the Energy Department's financial management practices, the study concludes that the lack of accounting and auditing controls has made the agency vulnera-ble to traud, waste and abuse that could cost taxpayers millions of dollars a year.

The agency, which assigned 65 auditors to the study, found "sig-nificant control problems" at the department's headquarters and each of the four field offices it re-

Because of these weaknesses, we could not assure ourselves of the reliability of the data produced by the department's accounting system, the report states.

No 'Overnight' Solution A spokesman for the Energy De-partment said Friday that she had not seen the report and therefore could not comment on its findings. At the same time, she acknowledged that there were significant accounting and control problems within the agency, but said that

they were being corrected.

"These are difficult and time-consuming problems," said Constance C. Stuart, the spokesman."The secretary places high partment was unable to determine priority on solving them, but it the current cash balances, the can't be done overnight." James B. study reports.

Edwards Jr. is the secretary of en-

However, Representative Toby Moffett, a Connecticut Democrat who is chairman of a House subcommittee that has been investigating the department, said that the report raised questions about whether the agency could manage its \$23 billion budget effectively.

"No other administration in recent memory," Mr. Moffett said, "has talked so much additional and the said,"

"has talked so much and done so little to reduce wasteful government spending. Rather than addressing problems detailed in this report, the administration continnes to attack vital social programs under the guise of reducing govemment waste."

Criticism on Property The report is especially critical of the department's \$1-billion property management activities. The department "does not have an

effective system of recording, managing and disposing of government property," the accounting office The study found discrepancies of at least \$187 million between

the department's accounting and procurement records at three locations, and considerable differences between department and contrac-In the Washington headquar-

ters, investigators found two large letter-of-credit files, each with obligations of more than \$50 million. But such incomplete cost records had been maintained that the de-

The whole history of art and litera-

ture is the effort of a people to try

and say or create something in a

Marion Tait, 70, dean of Vassar

«Wine is meant

not analyzed to death.»

This quotation is from Jon Winroth's new and highly

professional book, in which he rejects the windy

pontification so often associated with wine buying,

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fresh, imaginative way.'

after a long illness.

of a heart attack.

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## H.W. Janson, 68, Dies; Art Historian in U.S.

NEW YORK — Professor H.W.

Janson, 68, author of the best-selling "History of Art" and for more than 30 years professor of the his-tory of art at New York University, died Thursday on a train be-tween Milan and Zurich.

Mr. Janson was known to millions of readers in many countries for his richly illustrated "History of Art." First published in 1962, it was translated into 14 languages and is widely regarded as both an essential teaching instrument and a book that can be read and looked at with continual enjoy-

His other books included "Apes and Ape Lore in the Middle Ages and the Renaissance" (1952) and The Sculpture of Donatello" Charles Rufus Morey Award that is given by the College Art Association for the best book of the year in art history. Selected writings were published in 1974 under the

title "Sixteen Studies." At the time of his death he was working on the publication of the Andrew W. Mellon Lectures that he had given at the National Gallery in Washington in 1974 under the title of "19th-Century Sculpture Revisited." He had also just completed his contribution to "Art of the 19th Century," a book of which Professor Robert Rosenblum will be co-author.

William Bernbach

NEW YORK (NYT) --- William Bernbach, 71, the founder and former chairman of the Doyle Dane Bernbach advertising agency, died here of leukemia Saturday.

Perhaps more than any other person of his time, Mr. Bernbach changed the face of advertising in the United States, steering it away from the old clangerous, often volume and cell toward low law volume. gar, hard sell toward low-key, proyar, nard seit toward tow-key, provocative and usually believable
sales messages. "Think Small"
were the only words on a full-page
ad for Volkswagen, which pictured
the tiny Beetle somewhere on a sea
of blank space. "We Try Harder
Because We're Number 2." was the

slogan for Avis Rent a Car. The agency he helped found in 1949 with less than \$500,000 in billings is today the 10th largest agency in the United States, with \$1.2 billion in annual billings.

"Creativity can be something talked about, like the weather or sin," Mr. Bernbach once said. "We really sweat at it here. We believe that good taste can be good selling.

### Police, Foes of Reactor Clash in West Germany

KALKAR, Germany — Fighting broke out Samrday between police and demonstrators protesting the construction of a fast-breeder nu-

man border with the Netherlands.

## Test Finds Few Want Electronic Newspaper Technology Exists, but Not a Big U.S. Audience, Study by Industry Shows

By Jonathan Friendly New York Times Service

NEW YORK - The vast majority of Americans are not yet prepared to read the news each day on their home television screen, according to researchers who led a two-year newspaper industry experiment offering that service.

Results of the experiment, described Thursday in New York, support the view widely held in the newspaper industry that while such services are technologically feasible, there is no mass audience to make them profitable, thus little incentive to develop

. In describing the experiment, known as CompuServe, Lawrence G. Blasko said, There is no clear and present danger to the American newspaper industry from electron-ic delivery of information to the home, at least not in the present form of either electronic information or the newspaper indus-

Mr. Blasko is director of information technology for The Associated Press, one of the participating organizations. The others were CompuServe, a time-sharing computer network based in Columbus, Ohio, and 11 newspapers: The New York Times, The Washington Post, the Los Angeles Times,

The Minneapolis Star and Tribune, the San Francisco Chronicle, the San Francisco Examiner, The Columbus Dispatch, the Atlanta Journal and Constitution, the Middlesex (Mass.) News, The Norfolk Virginian-Pilot and Ledger-Star and the St. Louis Post-

Government and private studies have con-sistently predicted that consumers will eventually use a technology known as videotex to get information such as general news or stock prices or to do their banking and shop-ping. With videotex, customers use a computer linked to a television screen and a tele-phone or cable television network to search through a central information bank for what they want.

Most videotex trials have involved relatively small audiences, making it difficult to udge the potential demand or the mix of information that might be wanted as home computers come into wider use. The CompuServe Information Service had 28,000 cusomers when the experiment ended in June.

The customers, who paid \$5 an hour to connect to the central computer, were generally younger men in high-salary, white-collar jobs, a group substantially different from the country as a whole.

Users could get any of the articles the

newspapers or The Associated Press had carried. While some read their hometown news-papers electronically, others used the system for out-of-town dailies, particularly The Washington Post, The Los Angeles Times and The New York Times.

The study found decreasing interest in those electronic newspapers as the experiment progressed. In the last eight months, a third of the customers looked at an electronic newspaper only once, and the average time a customer spent with the newspaper dropped to five minutes.

A group of hard-core news readers, about 10 percent of the users, accounted for half of the sessions in which customers looked at newspapers or the AP report rather than using CompuServe to send one another electronic mail or to play video games. That experience paralleled results of Knight-Ridder Newspapers' Viewtron ser-

vice, offered in Coral Gables, Fla., last year. The CompuServe study found there may be a market for relatively specialized kinds of information, such as business news. The Dow-Jones News Retrieval system says it has 47,000 customers for its business and economic information, stock market quotations and corporate histories along with more general news reports.

## U.S. to Extend Life

vices to travelers, it will raise the base fee for the document from \$10 to \$35, officials announced.

Inflation and the costs of greater government services to U.S. traelers long have outrun the \$10 fee, officials said.

Americans with valid five-year

passports may use them until expiration, then obtain a 10-year issue for a base \$35. Some applicants are required to appear in person to swear to the truth of the information they provided and are charged an execution fee. This will be increased from \$5 to \$7.

All passport applicants under 18 will be charged a total \$27 — the base fee is increased from \$10 to \$20 and the execution fee is \$7. However, the passport for 18-yearolds or younger will retain a five-year validity "since their appear-ance changes more quickly," the department said.

## Worldwide Slump Said To Spur Press Curbs

By Barbara Crossette New York Times Service

CHICAGO — A deteriorating world economy, leading to stringent government regulations, has added to the problems confronting newspapers in the West-ern Hemisphere, according to a report on freedom of the press issued last week by the Inter American Press Association.

According to the report, presented here last week to the annual general assembly of the association, journalists throughout the Western Hemisphere also face increasing political pressures, judicial challenges and a growing trend toward government licensing of re-

The association represents more than 300 publishers and editors from North, South and Central America and the Caribbean.

Violence against journalists is also increasing, according to the report, which singled out Guatemala, Honduras and El Salvador as three countries in which killings and disappearances of reporters increased. The report said that foreign correspondents worked in a "hostile" environment in El Salvador, and that in Guatemala, journalism was a "hazardous" pro

A newly emerging threat to j nalists, the report said, was the lence encountered by repor who tried to uncover drug-traff

ing operations.

Nicaragua's Sandinist gov
ment was criticized for its act. against newspapers. Several ti since a national state of emerge was decreed in Nicaragua year, La Prensa in Managua been forced to suspend pubition, or has done so volunt rather than submit to governn

In its assessment of the im of a worsening world economy the press, the report said growing government controls a foreign exchange and stiffer port regulations were limiting freedom of publishers in sev

The report ranked Cuba Haiti as the countries with; greatest restrictions on the pres also found shortcomings in Ci da, where pending legisla would restrict journalists, and the United States, where Reagan administration has c cized the Freedom of Informa

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### Troubled UPI News Agency Plans Of Passports, But **Improvements Worth \$20 Million** Raise Their Cost United Press International WASHINGTON — The State Department will double the life of passports to 10 years, but in an efago to a group of four investors who are operating as the Media News Corp. based in New York. how much it is now losing but as-serts the size of the loss has been fort to cover mounting costs of ser-UPI and its rival, The Associat-

DENVER - United Press Inter-

national, the second-largest U.S. news agency, has announced a \$20-million program to enlarge its newsgathering efforts and to improve its communications systems.

Spokesmen for the financially troubled agency also said Saturday it had signed \$1.5 million in new contracts with newspapers, added \$800,000 in broadcasting business and reduced the rate at which it had been losing business. The announcements came at the

close of UPI's 23d annual meeting of the editors and publishers who are its clients. They had been waiting for a detailed explanation of the plans for the service since the E.W. Scripps Co. of Cincinnati sold the news agency four months

### Saudis Reported To Torture Briton

Hans Hartman, 77, a Swiss foreign correspondent who wrote for five Swiss newspapers and an Aus-trian publication, Friday in Cape LONDON - Secret police in Saudi Arabia tortured a British businessman who has been imprisoned there without trial for 347 Ivan Z. Sokolov, 54, the second days. The Observer reported Sunranking Communist Party official in the Ukraine, Friday, apparently

Michael Carmichael, 48, is being held because claims of £904,000 Charles Lukens Huston Jr., 76, (\$1.5 million) have been filed former chairman and chief execu-tive officer of Lukens Steel Co., against his Sacem International Co. in Riyadh. Friday in Villanova, Pennsylvania.

R. Courad Cooper, 79, chief negotiator for the steel industry in The Observer ran excerpts from Mr.. Carmichael's secret prison diary, in which he says that police beat the soles of his feet last Noits talks with the United Steelworkers Union from 1959 to 1968, vember more than 50 times. The Friday in Pittsburgh, after a long diary says that nine months later. on Aug. 17, he was taken to the hospital for treatment of injuries considered a saint by international disciples from the November beating. He says he was shackled in a police van that was driven so violently who practice his form of Hinduism's Siddha Yoga, Saturday in Ganeshpuri, near Bombay.

that his spine was fractured.

ed Press, are the primary source of articles and pictures about domestic and foreign events for most newspapers and broadcasting organizations in the United States.

In a heated session Thursday with a policy advisory board representing newspaper clients, the owners were closely questioned about the sources of their finances, their ability to underwrite future losses and whether they planned to redirect the service from newsgathering toward electronic information processing.

On Saturday, editors said that that session had lessened suspicions about the motives and plans of the new owners.

Facing their clients Saturday morning, the new owners said they expected to restore the service. which has annual gross revenues of \$110 million, to profitability withsteadily dropping. The owners said they believed

the switch to satellite communications, already in progress, would save \$6 million to \$7 million a year now paid to lease domestic telephone lines from the American Telephone and Telegraph Co.

The agency also said it was opening 14 news bureaus and 6 picture bureaus. These bureaus will not substantially increase operating costs, however, the company said, because they are being staffed largely with reporters and photographers from other UPI bu-

William J. Small, the former president of NBC News who was named president of UPI last month, said he expected to increase the news staff. He said he had not yet decided what specific areas of coverage he would try to

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SINGAPORE, MONDAY, OCTOBER 4, 1982

**ESTABLISHED 1887** 

## IHT Expands in Asia With Singapore Edition

### Paris to Singapore At the Speed of Light

The International Herald Tri-bune is using the most advanced communications technology to prepare its pages in Paris and transmit them to Singapore. Each night, the Trib is put together in Paris by a fully computerized editing and typesetting system. A posi-tive proof of each completed page is then attached to the drum of a (acsimile transmission machine The drum spins at a speed of 3,600 revolutions per minute, allowing an electric eye to convert black and white impressions into elec-tronic impulses. These impulses are sent by wire to a space relay

The electronic signals are then beamed to an Intelsat IV-A comminications satellite placed 23,000 miles above the Indian Ocean, and from there to a giant receiving dish operated by Telecoms in Singa-From the receiving dish, the sig-

nals travel by wire to the printing plant of Nanyang Siang Pau, where they are converted into black and white impressions on a page-size film negative.

it takes just four minutes to send a typical page from Paris to Singapore. The link allows for the transmission of 56 kilobits — or \$6,000 binary figures — per second. This means that the Singapore presses can be rolling at the same time as the other IHT presses in Paris, London, Zurich and

The IHT has been printing in Paris since 1887, but its London and Zurich printing operations date from 1974 and 1977, respec-

tively.

The London and Zurich links are made entirely by cable rather than by satellite. The equipment used in the process includes Muir-head Pagefax transmitters and a CIT-Alcatel integrated-circuit

edition, launched in September 1980, marked the first time that a daily newspaper was printed sicontinents. A second recent revolution in

with the installation of an electron-ic, computer-controlled editing typesetting system. In the course of a single weekend, the pers as well.

IHT leaped technologically from Readers the 19th century to the 1990's, becoming one of the most modern newspapers in all of Europe. The new Singapore printing continues this tradition of technological in-

It was exactly 95 years ago on October 4, 1887, that James Gor-don Bennett, Jr., the owner of the

prestigious New York Herald, launched its Paris edition.

A colorful and eccentric Ameri-

can expatriate, Bennett steered his

newspaper through an exciting era. During La Belle Époque, the Euro-

pean continent was at the apogee of power and confidence, its lead-

ers reaching out to make contact

with, and sometimes to confront, leaders from China, Japan and

Bennett realized this era was marked by a speeding up of com-munication and he pioneered in bringing a host of publishing inno-vations to Europe including the

inotype, half-tone engravings of news photographs, the first trans-Atlantic news wire and the first

The paper quickly carved itself a niche as required European read-ing. Two hundred copies each day went to the palace of the Russian

czars (as today copies go regularly to the Kremlin). Travellers passing

through Europe felt their trip in-complete if they didn't stop at the

Trib's avenue de l'Opera business

office and sign the traditional guest register there. Bennett's formula for a good

evacuated to Bordeaux

miss an issue.



The International Herald Tribune chronicles all the daily news made by today's leading political figures. And world leaders not only appear in the IHT, many have authored articles for its pages.

## Trib Presents Not Only News But Views

On its news pages, the Interna-tional Herald Tribune strives to present the facts as clearly and obectively as is humanly possible. Thursday.

But its editorial page is a differ-ent story; this is a forum for other points of views and many shades

Day after day, political analysts, columnists, guest writers from around the world present their the-ories and state their opinions to a world audience in 164 countries. Prize-winning columnists in-cluding James Reston, George Will, Flora Lewis, Joseph Kraft,

Anthony Lewis, David Broder and Tom Wicker appear frequently. Cartoonists also are Trib edit page regulars, skewering pomposi-ty with deadly penstrokes. Maul-din, Oliphant, MacNally, Her-block are all IHT regulars.

Because its readers are anxious to know about the American point of view on the flow of world afsecond recent revolution in fairs, the IHT regularly reprints technology occurred in 1978 editorials from the New York Times and Washington Post — and carries roundups of editorial opinion from other world newspa-

> Readers respond, sometimes with heat, often with intellect, and occasionally with whimsy, in the Trib's eagerly read Letters column. And there's something special for readers in almost every daily

Trib Born 95 Years Ago

 Arts and Antiques, every Satday analyzing major world trends urday. with several in-depth studies.

And there are the supplements • Science and Technology every as well — multi-page special sec-tions carried within the paper de-voted to a single subject and exam-● A special Style page one Thursday each month. ining it in depth. Trib supplements sometimes appear several times in • Weekend, a four-page leisure a single week and many are saved, section each Friday, including a re-read and referred to again and new, two-page World Travel again as basic source material dur-

## **IHT Has Doubled Business Coverage**

bune, in the eyes of some readers, has two "front" pages. The paper's first news page cov-

ers the major political and diplomatic events shaping the course of

And the latter half of the paper leads off with a first Business page which is also a second "front page," introducing a fact-filled overview of business happenings, economic trends and financial de-

dated June 12, 1940, was left un-

By August 1944, the Trib's Paris offices and plant were humming again, first producing Stars and Stripes, then, in December, resuming as the headquarters of the reborn New York Herald Tribune.

The postwar Trib became more

international, less of a Paris home-town paper. More and more edu-

cated, English-speaking Europeans

became regular readers. In 1959, the Reids sold both the New York

Herald Tribune and its European

When the New York Herald Tri-

bune ceased publication in the mid-1960's, Whitney persuaded first The Washington Post and then The New York Times to join

in a new, three-way ownership of

his Paris publication. In 1967, the

paper was re-named "The Interna-tional Herald Tribune" and the words, "Published with The New

York Times and The Washington

Post" became a permanent part of

edition to John Hay Whitney.

velopments worldwide. Says IHT Business Editor Wil-

The International Herald Tri-liam McBride, "The Trib has just une, in the eyes of some readers, about doubled the daily space it devotes to business news over the past two years. We have added journalists to cover the world business scene, reorganized our tabulations so we can run more of them and also present them more legibly, and increased the depth and frequency of coverage of the indus-tries, companies and corporate ex-ecutives shaping economic trends.

### Six Day Schedule

"On Monday, for instance, Carl Gewirtz' Eurobond column has become required reading for the international financial community. Our new Business People column keeps readers up to date on changes taking place in executive suites around the world. We've just briefly during World War II to the German Blitzkrieg. It chose to constarted a new investment strategy column once a week by Edward time publishing when most other papers fled Paris. Its final issue, Rohrbach. And we also carry regular weekly analyses on subjects finished as German troops entered such as money supply and cur-

rency rates." The IHT is the only international newspaper to run all last night's closing Wall Street prices on a next-morning basis. Friday's prices always appear in the Trib's Saturday paper; there's no need to wait until Monday morning to get Fri-day's final listings. And the six day a week schedule means 20 percent more news each week than in similarly-sized five day a week newspa-

In addition, the Trib's several page tabular section includes reports on world currency rates, commodity prices, dividend reports, corporate earnings, mutual funds, floating-rate-notes, and a roundup of all the major interna-tional bourses. And the weekly comprehensive listing of Eurobond prices is an IHT exclusive.

The world's only truly global newspaper is the world's only truly global business newspaper as well, the daily source for international

## Global Newspaper Adds Fifth Printing Site

On October 4, 1982, exactly 95 years to the day after its very first issue appeared on the streets of Paris, the International Herald Tri-bune launches printing operations in Singa-

pore.

This new Singapore-printed edition originates with the paper's editors in Paris who, each night, satellite text and advertising copy to the Telecoms receiving station in Singapore.

Telecoms relays the pages to the printing plant of Nanyang Siang Pan, where the paper is reproduced in time for early morning reading in the Lion City and for immediate shipning to nearby countries in South and Southping to nearby countries in South and South-east Asia. Readers in Malaysia and Indonesia, for instance, can now obtain their copies on the day of issue, earlier than ever before.

In announcing the Singapore launch, IHT Publisher Lee W. Huebner cited the remarkable success of the paper's Hong Kong edition, started just two years ago, as the prime reason for the IHT's continuing expansion into Singa-

"I am delighted to report that we were over-ly cautious in our projections of how Asian readers and advertisers would react to our

Hong Kong edition," he said. "Results to date have surpassed our most optimistic expecta-tions, and our Asian operations actually began to show a profit this spring, a year and a half ahead of schedule.

"The response in Southeast Asia was so favorable that we decided to explore even quicker and more efficient ways to serve our readers

er and more efficient ways to serve our readers in this region. Locating a printing site in Singapore instead of shipping copies all the way from Hong Kong was the answer."

Singapore is the fifth printing site for the Paris-headquartered paper, which operates facsimile operations in London, Zurich and Hong Kong as well as a printing plant in Paris.

Although advertisements in the European and Asian editions vary occasionally, the editorial content of each edition is largely the same.

Explaining the IHT's editorial formula, Ex-ecutive Editor Philip M. Foisie says, "Our ex-perience, and our research show that the strength of the newspaper's appeal to Asian readers is that its content is fundamentally the same as that of the paper which we publish in Europe, a global daily paper filled with signifi-

cant international news which is essential for business and professional people wherever they may be."

they may be."

Circulation figures in Asia bear out the thesis. The first year of printing in Asia, the IHT's circulation climbed swiftly to 12,000 copies sold each day. After the second year, the figure is well over 17,000 and is increasing steadily. With 2.7 readers per copy (according to the latest audience survey), the Trib has over 45,000 daily readers in Asia.

Asian advertisers have also made the International Herald Tribune a regular part of their marketing plans. And most of the international advertisers who have long used the IHT as a cornerstone of their advertising in other parts of the world have chosen to use the Asian edition as well.

tion as well.

"This is not surprising," says Advertising Director, Richard Morgan, "The great majority of our advertisers - banks, airlines, luxury consumer goods and the like - are using the IHT to reach an elite international communiry. They were delighted when we offered them the opportunity to cover a similar audience, on a timely basis, in Asia as well as Europe."

## More World News in Less Reading Time

The Best of The New York Times and The Washington Post

The International Herald Tribune, now printing in Singapore, draws upon the largest group of experienced journalists available to any single newsgathering medi-um in the world.

Two of the IHT's three owners, the New York Times and Washington Post, each deploy large numbers of correspondents to staff more than 50 bureaus outside the U.S., plus large U.S. reporting net-works. Their resources are the Trib's resources

In addition, the Trib draws on

news organizations like the Los Angeles Times, Associated Press, United Press International and

Plus deploying its own correspondents and stringers to a variety of datelines as stories occur. Joseph Fitchett and Axel Krause are among the IHT bylines that cominstant respect, the world

All the words and pictures from this farflung network feed back

the dispatches of massively staffed each day into Paris where they are stored in computers and edited concisely by IHT newsroom editors to provide the reader, next morning, with the maximum amount of concisely edited reading time — the whole world in just 16

International Outlook

The IHT is the world's first (and only) truly global newspaper, the first to be printed on both sides of

American tradition of reporting, it rigorously separates fact from opinion. Yet its character is by no means distinctly American; instead it has become a truly international paper, read by a third of a million people in 164 countries around the world.

Time Magazine probably best described the IHT, several years ago, when it wrote, "Many newsmen believe that for its slim size, the Trib is the most readable and informative daily published any-

## Meetings Staged **Annually**

The Oil and Money in the Eighties Conference, just concluded in London, is an example of the expanding role in international communications of the International Herald Tribune's busy Con-

Co-sponsored by the IHT and the Oil Daily, this conference has become an annual event. Upwards of 300 senior executives usually attend, some flying many thousands of miles to participate in the delib-

The format of most IHT conferences is simple, allowing important voices to be heard, yet permitting plenty of give-and-take among a the delegates.

There's an opportunity for delegates to make points from the floor and to debate important mat-

Speakers at various IHT conferences held in Paris, London and New York have included Henry Kissinger, Sheikh Ahmed Zaki Yamani, Donald Regan and Jean-Jacques Servan-Schreiber, plus a large number of additional government officials, political analysts and heads of major corporations and financial institutions.

Another unique and extremely successful IHT conference took place early in 1982 when several hundred businessmen were given hundred businessmen were given the opportunity, under IHT auspices, to couler with cabinet ministers from the newly installed Socialist government of France.

The conference made major headlines not only in France but around the world. The event fig-ured prominently in France's news media, on TV and was reported in

currently exploring the possibility of a similar meeting designed to help broaden the dialogue between governments in Southeast Asia and businessmen around the

## The Trib's Asian Readers:

apore has vaulted in the past two decades into a position of prom

## Who and Where They Are

Asian edition of the IHT reveal that they are very much like Trib readers in the rest of the world educated, affluent, highly placed in business, government and the

An independent audience study conducted by Research Services
Ltd. of London and just released
to the public, presents the following profile of the Trib's 45,000 Asi-

The average age of the IHT Asian reader is 42 years. Some 33 percent earn more than U.S. \$75,000 annually, and the average income is U.S. \$70,872. 74 percent of them hold top or middle management positions. They are well-travelled, 96% of

them having made a plane flight in the previous year. 45 percent of the fliers have gone at least once to Europe in that time and 57 percent of them to the U.S.A. The circulation of the Asian edi-

tion, which is now about 17,000 copies daily (with 2.7 readers per copy) is broadly distributed. The Hong Kong printing site services Hong Kong (30%) of IHT's Asian circulation), Japan (8%), the Philippines (8%) Taiwan (7%), Korea (2%) and the People's Republic of China (4%). The new Singapore production center will service Singapore (now 10% and expected to increase rapidly be-cause of earlier availability), In-donesia (11%), Thailand (6%), Malaysia (5%) and India (4%). All

plied from Hong Kong. Globally, the Trib sells close to 160,000 copies and reaches a third of a million executives, professionala, government leaders—and their families—each day. No

more than 15 percent of its global circulation is concentrated in any one country, and American readers comprise less than 50 percent of the IHT's total andience. Latest evidence of the IHT's high standing among world leaders: in a survey of continental Europeans listed in the prestigious "International Who's Who," 35 percent reported that they were HIT readers, making the Trib the most-read of all English language newspapers and magazines by this distinguished audience.

detail on radio. The IHT Conference Division is

### newspaper was "Names, names, names. News, news, news." During the first World War he found him-We Don't Ignore self perhaps closer to the news The Lighter Side than he might have preferred, as German troops approached Paris, and other publishing organizations Bennett decided to stay. "The

paper comes out," he said. His reporters would visit the battlefront at the Marne and then walk back sing a little new and then. to Paris to file their stories. Despite censorship, the paper did not

readers is what helped win Trib co-lumnist Art Buchwald a Pulitzer Prize this year. He shares the Trib's back page each week with two other Pulitzer winners, Russell Baker and William Safire.

allies' victory, he died on May 14, 1918. The black-bordered issue of the Trib appearing the next day marked the first time that his own name had ever appeared in the paper. In 1924, the Ogden Reid fami-ly bought the New York Herald and its Paris offspring, and merged them into the venerable New York Tribune which traces its own histo-

Reids Buy IHT

Bennett did not live to see the

submerged in political and eco-nomic headlines in the Trib. The paper takes time to laugh and to Putting a smile on the faces of

James Gordon Bernett, Jr.

ry back to the great American edi-

tor of the mid-19th Century.

The paper survived the frenzy of the Twenties and the Depression of the Thirties, but succumbed

Horace Greely.

Trib cultural coverage includes film and theater, food and wine, music and dance — with scintillat-ing personality profiles from Mary Blume, and with Hebe Dorsey contributing columns on fashion and

IHT readers aren't completely abmerged in political and economic headlines in the Trib. The All the world's major sports are captured on the paper's sports pag-es. The stars are profiled; the matches detailed in text and atthe stadium photographs. In Asia, the IHT is often the only daily newspaper to report American boxscores in game-by-game detail. All the family enjoys the Trib's comics page. Doonesbury, Peanuts, Andy Capp — the world faworites are all there. Plus a tough

daily crossword puzzle, frequent

chess problems, mind-stretching bridge hands, book reviews and a Jumble puzzle for word addicts.

The IHT tells you what you need

to know. But it also offers you a

daily change-of-pace.

COUNTRY l year 6 months 3 months . B.Fr. 6,000 1,280 1,650 350 270 990 800 220 100 18 2,250 25 45,500 1,650 112 308 31 4,000 8,000 45 82,500 3,000 203 560 90 165,000 6,000 406 1,120 8,660 14,200 Switzerland, Rest of Europe, North Africa and former French Africa, U.S.A.... 71 72 French Polynesia, Middle East .... Rest of Africa, Canada, Latin 132 176

### Subscribe to the IHT at Special Introductory Rates Please circle below the time period and reduced subscription price selected. Rates valid through November 30, 1982.

Save up to 46% off the newsstand price by subscribing to the International Herald Tribune at low, first-time only rates. Just complete this coupon and mail with your payment to: Subscription Manager, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neully Cedex, France. Tel.: 747-12-65. Telex: 612832. □ Yes, I would like to accept your bargain offer. Please send me the International Herald

Tribune for the time period and at the reduced price circled on this coupon.

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OCTOBER, 1982

## SINGAPORE

AN ECONOMIC PROFILE

## Economy Vulnerable To Ripple Effects Of World Recession

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NGAPORE — At the end of the second quarter this year, Singapore's gross domestic product showed inflation-adjusted growth of percent from a year earlier. That was enviable by most countries'

5.7 percent from a year earlier. That was enviable by most countries' standards but Singapore's lowest in six years.

The dramatic descent from the heady double-digit-growth rates of recent years has brought a fair share of gloom on the home front.

Prime Minister Lee Koan Yew in his eve of national day message in August warned that Singapore could end up with less than 5 percent growth if there is prolonged weakness in the U.S. economy.

"The Singapore economy can stand recession in America and Europe for one or two more years, but no longer," he said.

The reasons are obvious. More than 70 percent of Singapore's trade is with the major industrialized countries.

with the major industrialized countries.

Its economy is unusual in that external trade is three to four times the value of gross domestic product. In many developed nations trade equals about 10 percent to 12 percent of gross domestic product. Only Hong Kong is seen as more vulnerable to external economic pressures.

The ripple effects of continuing worldwide recession reached Singapore in earnest during the first quarter of 1982 when the economy grew only 7.9 percent. Economic growth in 1981 had registered 9.9 percent, while the previous year recorded 10.2 percent.

**Export Markets Mixed** 

Singapore was able to weather the recessionary storm longer than many countries because of its spread of markets.

When the recession hit Singapore's European markets in 1981, for instance, the effects were partially mitigated by a sudden burst of strength in the U.S. economy in the first half of 1981, which lasted to the third quarter. At the same time, exports to Japan, Siangapore's biggest trade partner, and Malaysia remained strong.

Exports to Japan in the first half of this year are still 500 million Singapore dollars more than in the same period last year.

Between 1978 and 1981 Singapore's exports to Japan doubled to 4.5 billion Singapore dollars, much of the increase due to petrochemical products, Imports also almost doubled in the same period.

Tong Tan Kenn Very trade and industry minister said recently. "The

Tony Tan Keng Yam, trade and industry minister, said recently, "The effects of the world recession are only beginning to be felt this year when all our export markets are either in recession or have slowed down and

Shipping, trading and commodity sectors are feeling the recessionary purch worst, as are some areas of the manufacturing sector, particularly consumer electronics items like radios and television sets.

Industrial electronics, on the other hand, is still showing some strength, although it represents less than 10 percent of Singapore's elec-

Overall manufacturing output, which showed a 13 percent advance in the second quarter of last year, declined almost 5 percent in the second quarter this year, the first negative growth in six years: Construction Booming

Counteracting much of the gloom has been the surge in construction activity, much of it encouraged by government funding for public housing. This resulted in a second quarter construction growth rate of 38 percent, nearly three times the rate in the same period last year.

This performance is the reason Singapore's second quarter gross domestic product growth was able to top 5 percent. If the construction sector were excluded, growth would not have reached even 4 percent. Intensification of the public housing program is one of four government proposals to make sure the economic recessionary period is put to

Mr. Tony Tan said, "If we miss the opportunity afforded by the present recession, then we will lose time and will have to wait until the next downturn in the business cycle in six to eight years time before we can

ackle these tasks."
The other three proposals are: tackle these tasks."

• Strengthening Singapore's export drive. This includes setting up a trade board to boost exposts.

• Upgrading the skills of the labor force, particularly the 600,000, or 57 percent, with only primary education or none at all.

· Paving the way for a return to normal collective wage bargaining The accelerated public housing projects, and other major public sector projects, such as the 5 billion-Singapore dollar mass rapid transit system, and the \$420-million, 750-megawatt oil-fixed Seraya power station on Pulan Seraya, combined with a busy private sector program, should keep (Continued on Page 108)

Number of Financial Institutions in Singapore

•	End of Period				
institutions	1980 December	. 19 Morch	81 December	1982 Mard	
			December —	-	
BANKS	97	100	108	112	
Local*	13	13	13	13	
Foreign	84	87	95	99	
Full Banks	. 24	24	24	. 2	
Restricted banks	13	13	13	1;	
Offshore banks	47	50	58	6	
Banking offices including					
head offices and main offices)	(310)	(314)	(328)	(338	
ASIAN CURRENCY UNITS	115	120	131	137	
Banks ·	82	85	93	97	
Merchant Banks	32	• 34	37	3	
Others	1	1	1	:	
DISCOUNT HOUSES	4	4.	. 4	•	
FINANCE COMPAÑIES	34	34	35	35	
Finance Companies offices					
including head offices)	(100)	(104)	(118)	(121	
POST OFFICE SAVING BANK	•				
BRANCHES AND POST OFFICE COUNTERS	105 -	106	107	10	
MERCHANT BANKS	37	39	41	• 4	
INSURANCE COMPANIES	<b>71</b>	74	<i>7</i> 5	7.	
Life insurance	6	6	6	. (	
General insurance	56	58	59	6	
life and general insurance	9	10	10	10	
REPRESENTATIVE OFFICES	49	49	<i>5</i> 0	5	
Sanks	45	45	46	4	
Merchant Banks	4	4	4	-	
NTERNATIONAL MONEY BROKERS	7	7	7	1	

'All local banks are full banks.

## Regional Financial Services Role: Government Opts for Less Growth

By Dinah Lee

SINGAPORE — The idea that Singapore would quickly become a financial supermarket for Southeast Asia, offering all manner of services and eclipsing its rival, Hong Kong, seems to have temporarily lost momentum. No one seems too alarmed that the implementation

of this ambition has slackened, and all that remains is for the government to explain openly that it has put consolidation of rapid growth and regularization of the financial community ahead of yet more rapid ex-

Recently an official of the republic's quasi-central bank, the Monetary Authority, said, "The problems we see result from overly rapid growth."

He echoed what is probably the opinion of the dep-

my prime minister, Goh Keng Swee, credited with being the architect of Singapore's economic structure, and once nicknamed, "Dr. Goh-ahead."

The financial community suspects he may be partly responsible for the damper put on many of the proposals colled from bankers and businessmen last winter by the minister for trade and industry, Tony Tan

Keng Yam, during the pre-budget run-up.

At that time, a British businessman and longtime

resident of Singapore said, "If this budget doesn't achieve some significant improvements for the finan-cial sector, you can forget about the so-called financial supermarket."

Only a week later. Mr. Tony Tan's budget speech ignored most of the major suggestions made by frustrated financiers. Their main proposals were related to a needed li-

beralization of the financial structure in order to compete with the more freewheeling and entrepreneurial

Corporate tax rates here of 40 percent are much higher than in Hong Kong, and restrict the growth of ngapore as a fund management center. The banks suggested that offshore income should

bear the same 10 percent concessionary rate of tax as the Asian Currency Units.

They also asked for changes in the classification of bonds, notes and floating rates of certificates held by banks to aid flexibility in asset management. They requested permission for banks to enter into stock broking, for a lowering of the banks' liquidity ratios from 26 percent to 16 percent, and an abolition of tax on interest earned through bank deposits.

Instead, Mr. Tony Tan's budget contained modest (Continued on Page 11S)

Expected Fall in Growth Rate, Ability To Maintain Heritage Concern Leader

By Pearl Marshall

DESPITE Singapore's prosperity, Prime Minister Lee Kuan Yew is a worried man. Having run this city-state for 23 years and more than any other individual directed its path to affluence, Mr. Lec. 57, wants to retire sometime in the next six years, but is skeptical about the qualities of those who would suc-

He also said that he was worried about the ability of the 2.4-million Singaporeans to face a troubled future. During his years at the helm, Singaporeans have come to look to him, in their Confucianism, as their patri-

Like every father, Mr. Lee wonders if the younger generation has the will to preserve its heritage and the strength to build on it. His fear is that it might let one of the world's greatest economic success stories disin-

tegrate.

Mr. Lee is always issuing fatherly warnings about
Singapore's vulnerabilities. To some, it is seen as part
of his political technique. But his latest cautionary statements coincide with the onset of recession in a

country that felt it was immune to such things. Economic growth this year will likely average around 5 percent, good news by almost any country's standards. But to Singaporeans, who have come to take growth rates of twice that much as routine, the

slower growth is likely to come as a shock.

Singapore's consistently strong economic performance, coupled with generous wage increases averaging around 20 percent in each of the past three years, have helped transform Singapore's middle class into one of the region's most affluent. Weekend shoppers cram modern, air-conditioned

stores in Orchard Road for the latest in high fashion and home furnishings. Big-item consumer products like automobiles, television sets and videotape recorders are within the reach of most. Thanks to a compulsory government savings scheme, many of the population own their own flats, adding to the feeling among Singaporeans that prosperity is forever.

But high unemployment in the United States and Europe, two of Singapore's major trading partners, threatens this prosperity with protectionism and trade wars. Already Singapore's manufacturing sector has been hard hit by the recession, particularly consumer electronics, while Singapore's oil rig builders, the third largest group in the world, took only two new orders this year, compared with 16 last.

The grant Japanese assisted \$1-billion petrochemical complex at Pulau Ayer Merban, which is not even due to start operating until next year, is expected to sustain several years of losses because of the worsening market in petrochemicals worldwide and the high cost of imported raw materials necessary for its func-

Mr. Lee's anxieties about the younger generation are compounded by the emergence of what some view as the black sheep of his family, Joshua Benjamin Jeyaretnam of the Workers' Party, the lone opposition member of Parliament. Mr. Jeyaretnam gained his cost last Outcher the first opposition member to his seat last October, the first opposition member to Mr. Lee's People's Action Party in Parliament for 13

years.

Mr. Jeyaretnam has busied himself asking questions on a variety of issues the average Singaporean has not bothered or dared to ask, issues that have been glossed over in the past as not really necessary for public consumption. This has given Singaporeans a rare insight into some government workings.

His appeal is not so much as a viable alternative to the People's Action Party. Singaporeans are certainly not prepared to vote the party out of office. Rather, Mr. Jeyaretnam attracts support as the "underdog," giving some Singaporeans the vicarious feeling of bucking authority. -One of the issues that helped him win his seat in the

first place was what he called the "arrogance" of the the patriarch who can do no wrong and whose organizational acumen has led them pragmatically down the path to progress, the people "are not 100 percent behind his men," according to a European who has practiced amongst Singapore's business community for a number of years.

Some Feel 'Stifled'

The government's vigorous steering of the economy and the community in certain directions has brought prosperity to nearly everyone, but critics complain that the regimentation involved gives them "a stifled" feeling. Mr. Jeyaretnam's behavior helps relieve this. Such public sympathy for the opposition has result-

ed in a vigorous government campaign to discredit Mr. Jeyaretnam. A Western political observer said, They are making things so umpleasant that many believe the government has set out to discourage others from doing likewise."

In an essay "The Search for Talent," Mr. Lee re-cently warned of the dangers of "mediocrities and opportunists" taking over the government "if Singaporeans in a fit of pique or a moment of madness voted for the politics of the opposition for the sake of opposition. Five years of such a government, probably a coalition, and Singapore will be down on her

No back-up staff officers can make up for the lack

### BASIC DATA

Area: 617.8 square kilometers (238.5 squa

Population: 2.44 million. Gross domestic product (1980): U.S. \$10.

Annual growth rate (in real terms): 10.2%. Inflation rate (March, 1982): 7.6%. Exchange rate (28 September 1982): 1 U. dollar = 2.189 Singapore dollars. Exports (1981): U.S. \$19.50 billion. Imports (1981): U.S. \$25.79 billion.

of high quality ministerial leadership, Mr. Lee s. He appears to face the same problem of mediocri in his own party, having discarded a number of tential successors to his leadership in the past.

tential successors to his leadership in the past.

His concern about the dearth of dynamic and of cated Singaporeans to become members of Pament, parliamentary secretaries and ministers led to do a head count of the top men in the cabinet. Parliament. He found the older Singapore-born ta reinforced with at least twice as many outsided members. He said, "In the protocol list of the seven persons in Singapore, I am the only Singapore."

Many of these old school were apprenticed in harsher political environment of preindepends Singapore, he said, whereas the new generation c ing up, mostly Singapore-born, have less to spur t to political action, preferring instead to move into professions and business.

The earlier flow of brains to Singapore gave it "high compression" or "high rev" in its leadership said, whereas now the flow pattern of brains, changed. Fewer students from Malaysia and a where in Southeast Asia come to Singapore for ed tion and when they do, they return to their home emigrate to Australia, New Zealand, the Un States or Canada. The same is true of some of more outstanding Singapore-born scholars.

Mr. Lee said, "This is a pity, for such men,

pared to start life afresh in a strange new envi ment, are usually exceptional in enterprise, drive determination to succeed, key attributes for high

Brain Drain Seen

Now Singapore itself could be threatened brain drain, he said. Of the 1,215 doctors gradus from the University of Singapore between 1970. 1980, 225, or 18.5 percent, had not kept their na on the medical register. Officials believe most l

In Australia alone, there are 621 Singapore-tra doctors on the state medical registers, about onethe total number of physicians practicing in Si pore. Engineers and other professionals are not b lost at such a high rate because they are less pro sionally mobile across national boundaries.

"As long as we are stable and growing, our ta will stay and help our economic growth," Mr. said. "Furthermore we can attract talent from about to work in Singapore. The reverse cycle will be do tating and swift in bringing about our rum."

Singapore has consistently recruited talent fourside to supplement the country's own skilled repower to keep pace with growth. With these corains Singapore believes it can become, in the 20 years, a key link in a worldwide network of least

information, financial, and servicing centers. has had to import more than 150,000 unskilled w ers, or about 15 percent of the total work force help with its massive public and private construe programs, its shippards and its manufacturing sec

The rapid expansion in manufacturing in the 1960s mopped up all the workers left unemplafter the British troop pullout, and by the early I Singapore had to start selectively encouraging Misians to help them out. The Malaysians were e

absorbable, speaking the same languages, havi similar upbringing, and in many cases, being rel to Singaporeans. But as Singapore continued to attract labor-in sive industries through the mid-1970s, even

Malaysian sources proved insufficient and worke cruitment shifted to India, Pakistan, Sri Lanka donesia, Thailand and the Philippines. By 1978 the Singapore government realized

possible social repercussions in importing large r bers of such workers, and made the decision to fo Japan's lead of trying to grow without importing The answer appeared to be to move out of la

intensive manufacturing by mechanizing, automa-and accenting high technology, capital-intensiv. (Continued on Page 11S)







VIEWS OF A BUSTLING CITY-STATE: From left, the central business district; center, the port of Singapore authority container port; and right, the trading room scene at the Singapore Stock Exchange.

## Foreign Firms Respond to Bid to Obtain Bigger Share of World Market

SINGAPORE — Singapore is busy sharpening its competitive edge to grab a bigger share of the world market during the rest of

the decade. This involves upgrading its manufacturing sector to produce high technology goods like aircraft parts and computers, expanding its servicing of sophisticated industrial machinery and moving into advanced knowledge-inten-sive services like investment, engineering, construction, medical and legal consultancy and

computer software. Foreign firms have been responding readily to the new policy. A choice area is the aviation industry. Sundstrand Corp. of the United States, one of the world's largest aircraft parts manufacturers, is producing constant speed

Another U.S. firm, Garrett Corp., with headquagers in Los Angeles, started in April. machining precision components for aircraft pneumatic systems. Garrett opened its first fa-

cility in Singapore in 1978 for repairing and overhauling gas turbine engines.

General Electric of the United States, the largest private employer in Singapore, is busy

producing aircraft engine components in one of its seven plants. A boost was given the acrospace industry in August 1981 with the conclusion of a bilateral airworthiness agreement with the U.S. government. This allows components manufactured and certified in Singapore to be shipped to the

For the convenience of being near Changi airport, several aerospace firms are locating at Loyang, one of Singapore's 20 industrial estates, which together cover one eighth of the 247-square-mile (618-square-kilometer) island state. A nucleus of other such companies oper-

In line with the upgrading policy, Singapore's electronics sector is seeing strong growth in the area of industrial electronics computers, microcomputers, instruments and COUNTROLS.

A number of companies that traditionally made parts and components for television sets and radios are now doing business with microcomputer firms.

Development Board source said. He said companies in Singapore are producing items like computer subassemblies, printer equipment, disc drives and data record-

ing heads: Commitments to new investment in the industrial electronics sector increased 133 percent last year compared to 1980.

Acrospace and industrial electronics are only two of several high-tech areas attracting forcign firms. In pharmaceuticals, for instance, Britain's

Glaxo group has set up Glaxochem for the first commercial scale production of ranitidine hydrochloride, an anti-ulcer bulk drug.

In the optical equipment sector, Switzerland's Wild Heerbrugg is producing surveying instruments, and in the medical sector the U.S. firm Baxter Travenol Laboratories is producing artificial kidney dialyzers and medical

discosables. In the petroleum industry, the U.S from Reed Rock Bit opened in August a new plant expansion to produce oil drill bits.

A U.S. Embassy source said that U.S companies are opening new plants every few weeks m Singapore.

cans living in Singapore.

Although the development board does not provide details of country-by-country investment in the manufacturing sector, its 1982 eco-nomic survey showed U.S. investment in terms of gross fixed assets totaling 2.69 billion Singa-pore dollars, European investment at 3.35 billion and Asian investment at 2.6 billion. Most of the Asian investment is Japanese.

Most of the 1.9 billion Singapore dollars new investment committed to Singapore in 1981 was directed at technology-intensive and high value-added industries, such as petrole-um, electrical and electronics, transport equipment, metal products and precision engineer-

ing, and chemical industries.

The development board source said, "Most of the companies in the specialized areas are doing quite well despite the recession, except for machinery."

To lure sophisticated technology, the goverument is offering low-cost loans and tax inequient to Uniquing low-cost loans and tax in

total 18,000, compared to the 16,500 Ameri-

centives. Each company is treated different depending on its "desirability."

One high government official singled Britain's Beecham group as a good example 'desirability" because it brings in "not o capital, but know-how and, most imports

The group's pharmaceutical products ma factured in Singapore are aimed mainly at Tax incentives are offered to compar

qualifying for "pioneer status," which me they must be introducing specialized proje manufacturing "new and desirable" produ-They are allowed a tax exemption on all cor rate profits for five to 10 years. There is also an investment allowance inc

tive which confers up to 50 percent deduct of investments against taxable income. This equivalent to a 20 percent tax credit on inv

drives for Boeing aircraft.

United States and put straight into aircraft without further checking. Exports of Singapore-made aerospace components to the United States are projected to reach \$95 million by 1983.

ates out of the older Seletar airbase. cent in 1990

"Having cut their teeth on consumer electronics, they can now move on," an Economic

The development board sees this sector expanding its share of Singapore's electronics in-dustry from 3 percent in 1980 to about 20 per-

U.S. investment in fixed assets in the manufacturing industries is still largest, followed closely by the Japanese. Japanese expatriates

Then there are training grants which sul (Continued on Page 128)

Domestic Economic	Percentage Change						
Performance Real Gross Domestic Product	<u>1981</u> 1980	2nd Qtr 81 2nd Qtr 80	1st Otr 82 1st Otr 81	2nd Otr 82 2nd Otr 81			
VERALL ECONOMY	9.9	10.8	7.9	5.7			
Manufacturing	10.0	12.6	2.9	<b>-4.7</b>			
Trade	5.9	6.0	5.5	3.0			
Transport & Communication	12.6	13.2	13.8	13.4			
Financial & Business Services	18.0	19.4	12.0	12.7			
Construction	17.0	13.3	31.9	38.0			

Source: Department of Statistics

## Economy Vulnerable to World Recession

(Continued from Page 9S)

the island state vibrating to the thump of piling equipment for many years to come.

Another successful growth area was in transport and communications, which advanced by 13 percent in the second quarter, faster than in the same period last year. Much of the credit was due to the healthy growth in cargo handling, reflecting the larger throughput of petroleum prod-

The financial and business services sector also showed some resiliency, picking up marginally from the first quarter this year. Most of the bank loans went to the building and construction industry.

The general feeling in economic and industrial circles is that Singapore has not yet been too adversely affected by the recession.

Roderick Maclean, executive director of Singapore's international chamber of commerce, said, "There are obviously a lot of long faces

among those dealing with tropical primary products because prices have been sliding for 18 months or more.

"And some of the electronics companies have been affected because they were too dependent on North American and EEC markets.

But by and large there is no unemployment. There is still a shortage Mr. Maclean sees the economy growing about 5 percent for the year, a figure he said most countries would find quite acceptable in ordinary

Perhaps the biggest bouquet came from Euromoney, the London fi-nancial magazine, which last month ranked Singapore second, behind

Saudi Arabia, in a listing of the world's best econom

It credited Singapore with managing to sustain economic growth with low inflation and a strong currency since the oil crisis of 1973.

- PEARL MARSHALL

## siadollar Market: Continued Expansion Seen

to be boiled down to a single or, it would probably be the tion and rapid growth of the

n currency market. ccording to the 1981-1982 anreport by the Monetary Auity of Singapore, the pace of ity in the Asian Currency t market continued to be lively year, with gross assets and lia-ies of the 137 banking units hing S85.5 billion, a rise of 58 ent over the previous year.

he latest figures show that at end of July, the market had hed a gross size of \$97.1 bil-

Are already established in Singapore:

NGAPORE — If Singapore's lion. Bankers are predicting that undisputed financial success within three years, Asian Currency Unit activity, commonly known as the Asiadollar market, will reach \$200 billion.

A European merchant banker who has watched the expansion of the market since its inception in 1968 said. The significance is not in the volume, but in the fact of continuing growth." He estimated that as much as 60

percent to 70 percent of the volume is accounted for by mere interbank trading and, according to the monetary authority report, 'About three quarters of the increase in the size of the market in

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which covers also the operations in Malaya and Thailand.

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1981 was due to the rise in inter-

The report said that not only. was increasing use of Singapore as a funding center responsible, activity was also spurred by arbitrage operations in the United States and consequently in the international finance markets. For example, the Singapore interbank offered rate for three month U.S. dollar deposits ranged from a high of 20.2 percent to a low of 12.2

percent during the year. The size of the currency unit activity is still slight when compared to the Eurodollar market, but no one is underestimating its impor-

tance for the future. For that, and more general reasons of growth potential in the region, foreign banks are clamoring to enter and upgrade their presence in the local

banking community. On Shenton Way, the heart of Singapore's financial community, more than 150 institutions sit side by side in anticipation of the day Singapore graduates from a regional financial center to an inter-

While there are 13 local banks, there are 99 foreign banks represented in one form or another. This is fewer than in Hong Kong, and Singapore's banking commuis more heavily structured with local banks, fully-licensed for-eign banks, restricted-license banks, offshore banks, merchant banks and finance companies allotted to separate spheres.

These banks compete with Singapore's "Big Four" leading com-mercial banks, and with the Post Office Savings Bank, which has the advantage of offering tax-free interest to depositors.

Because of this concession, and because it pays low interest rates, which is a major concession to its main user, the government, the post office bank has grown the most rapidly of the local banks. Within the commercial sector, the fastest growing bank has been the government-controlled Development Bank of Singapore.

Last year, the development bank's assets grew by 44 percent to more than \$4 billion, surpassing both United Overseas Bank and Oversea Chinese Banking Corporation, who have both been on the list of the world's top 500 banks since 1979.

The fourth local bank of the "Big Four" is the Overseas Union Bank, which is about a third smaller than the other three,

Both United Overseas Bank and the Development Bank of Singa-pore have shown impressive results over the last few years by adopting American-style management techiques, and diversifying power in the internal structure, something fairly new for Chinese banks with

a tradition of one strong executive. By contrast, Oversea Chinese Banking Corporation has not fol-lowed their example of actively participating in international syndications and floating rate note issues, and has slipped from its dominant position held until the 1970s to number three. Its conservatism is attributed to chairman Tan Chin Tuan whose management techniques and policies are traditional in style.

More Flexibility Sought

The international banks would like to see greater flexibility in the banking structure allowed by the monetary anthority. Their activity is also constricted by the shallow skills pool, particularly in the use of computers and foreign exchange

In order to have the best of both worlds, a few foreign banks have entered joint ventures with locals. Two examples of this are the United Overseas Bank venture with Chase Manhattan Overseas Banking Corporation, and the Oversea Chinese Banking Corporation venture with the Schroder Group.

Meanwhile dozens of offshore banks are knocking at the door of the monetary authority seeking to expand their activities. Most are subject to a lending limit of 30 million Singapore dollars, but a few have negotiated a higher limit, although an authority official declined to say how many. He said, "These things are deter-

mined by how much of a contribution the bank has made to Singapore, and of course we take com-



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pliance with our regulations for granted."

Non-compliance recently hit the local headlines when the authority gave a warning to banks that had evaded reserve requirements by accepting Singapore dollar deposits for placing in their overseas branches.

The authority objected because it ran counter to its policy against internationalization of the Singapore dollar and would lead to loss of monetary control over imported inflation

This argument confused some merchant bankers who remembered that the same criticism was put forward when the idea of the Asian Currency Unit market was first mooted. The answer at that time was to keep a separate accounting of that activity and the

Financial Futures Exchange: Confirmation

The tension between the foreign banks and the local authorities and banks is not helped by a shortage of banking skills, which led to an appeal to the monetary authority by the Association of Banks in Singapore to slow down the entry of new banks.

Training Emphasized

The association's chairman, Chua Kim Yeow, said that without such action, wages would rise out of proportion to expertise, resulting in the lowering of professional banking standards. The authority's response has been to lay more emphasis on training rather than to discourage the arrival of new banks and their desirable ex-

Another source of tension may be the amount of business available to the foreign banks. Compe-

tition is heightening, and a member of the Singapore Merchant Banking Association said that some banks with restricted licenses were finding their level of business too unprofitable to sustain their activity.

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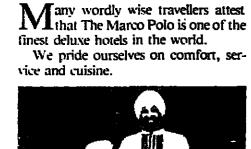
The monetary authority's relationship with the foreign banking community had improved somewhat when last year the authority embarked on a partial "self-regulation" policy for financial institutions, and reduced the onerous reporting requirements previously mposed. But the banks are aware. that the authority keeps a record of their behavior, and does not look with favor on a bank which has evaded requirements or, for that matter, hires authority staff without its approval.

-- DINAH LEE

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Of Key Role as a Regional Business Center By Narayanan Balakrishnan

▼INGAPORE — It is the stated

intention of Singapore to become a "supermarket of financial services" for Southeast Asia. The remarkable growth of its foreign exchange market in recent years and its plans to open a financial futures exchange mean that Singapore is well on the way to achiev-

ing that goal.

The growth of the local foreign The growth of the local foreign exchange industry has been the result of government banking and communication policies and the fact that Hong Kong and Singapore are the only two places in the time zone between Tokyo and Europe with open banking policies and good enough communications for international banking.

There are 66 offshore banks in Singapore now most of them spe-

Singapore now, most of them spe-cializing in Asiadollar and foreign

government-owned inications Authority of Singapore lowered the telex rates considerably this year in another move to encourage the growth of the financial sector.

And the growth has been impressive. Business and financial services grew by 18 percent last year, the fastest growing sector of the economy. This year the growth has been around 12 percent. From 16 percent of the gross domestic product in 1979, the sector had

grown to 27 percent in 1981. The current daily turnover in the Singapore foreign exchange mar-ket is estimated to be in the region of \$8 billion to \$9 billion, about five times the volume in 1977. Some bankers say the volume is higher than that of Hong Kong's

but it is a claim that is difficult to verify, as Hong Kong does not keep statistics of its trading vol-The president of the Singapore Foreign Exchange Dealers Club, C. Mukundan of Banca Commerciale Italiana, said, however, that

although the volume in Hong Kong and Singapore is "about the same," Singapore would come out on top if Asiadollar deposits were taken into account.

The trading has increased enough in Singapore for the banks to have pressed for and got a large reduction in brokerage fees from the money brokers beginning in September. Depending on volume of business, the banks were able to obtain cuts ranging from 20 percent to 60 percent, though a settle-

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ment came about only after a par-tial boycott of brokers by the big banks that lasted three weeks.

The success has not been without its problems. There is a chronic shortage of experienced foreign, exchange dealers in Singapore and it looks like the problem is here to stay for at least the next few years.

It is estimated that at least another 40 experienced dealers are needed. Five years of experience in dealing is considered a prerequisite before being appointed to senior levels, but the industry has not been around long enough in Singapore to have given rise to people of that caliber in any numbers. Statis-tics show that 55 percent of the 546 dealers in Singapore have less than three years' dealing experi-

One solution is to recruit expa-triate dealers and 91 of them are already working in Singapore. But the shortage is worldwide and only the training of locals can solve the problem in the long run.

The Institute of Banking and

Finance plans to offer a 12 month training program soon and will be making a modest start with a three month training program beginning this October The tight labor market has led

to serious job hopping problems

and the Monetary Authority of Singapore has been advising the new banks and banks with expansion plans to recruit from abroad.

Singapore is also preparing to enter the fastest growing financial industry in the world, financial futures, so far almost completely dominated by the two exchanges in Chicago. A London financial fu-tures exchange opened in Septem-ber and Hong Kong is planning one for next year.

Financial futures is a risky busi ness and even the New York Futures Exchange, located in the fi-nancial hub of the world and owned by the New York Stock Exchange, has not been able to break the dominance of Chicago. The New York exchange was forced to sign a link-up with the Chicago Board of Trade's financial futures exchange last year.

Such considerations were no doubt in the mind of the Singapore Financial Futures Working Party when it signed a letter of intent to link up with the other Chicago ex-change, the International Monetary Market.

Beverly Splane, the executive vice president of the International Monetary Market, has been ap-pointed to conduct a four month feasibility study beginning in Oc-tober on a link-up. If it happens, Singapore, the newest financial futures exchange in the world, will have the enviable position of start-ing with the backing of the oldest financial futures exchange in the world. If everything moves smoothly, the Singapore exchange is likely to open sometime in late 1983.

Roger Lawson of Continental Illinois Bank in Singapore is the chairman of the working party on financial futures and with his Chicago connections has been instrumental in securing the link.

He said that, in addition to the development of a futures market during Singapore business hours, the feasibility study will also look into the possibility of creating an evening trading session to coincide with Chicago hours.

The consulting firm Booz, Allen and Hamilton is currently conducting a study on the telecommunications needs between Singapore and Chicago.

The working party is yet to an-nounce officially what are the con-tracts that the new lutures exchange in Singapore will be trad-ing but sources say that it is likely to be the following: 90-Day Asiadollar contract, a contract each in the Yen and Deutsche mark, and a

Singapore dollar contract.

The monetary authority of Singapore is said to have reservations about "internationalizing" Singaporc's currency and that contract may therefore encounter some problems in getting approval.



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Singapore's modern economy," but was recently described by a loreign financial publication as, "some sort of story-

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mile.

Whatever one's interpretation of Mr. Goh's close and conservative supervision of Singapore's central bank-like Monetary Authority of Singapore, and its investment arm, the Government of Singapore Investment Corporation, Mr. Goh's recipe for success is clear.

The ingredients are: an emphasis on a strong exchange rate over interest and money supply growth, a large surplus of reserves for the monetary authority and the investment corporation for float management and long-term invest-ment, and a tight rein on the employees of both bodies over their contact with the rest of the financial community and particularly the press.

While Western countries cry "deficit," the monetary authority recently reported shifting 3.5 billion Singapore dol-iars of their gold and foreign exchange reserves to the investment corporation fund for international investment. leaving the monetary authority with total assets of about 12 billion Singapore dollars.

Meanwhile the investment corporation already has funds estimated officially at 15.5 billion Singapore dollars but, depending on the valuation of the assets, possibly reaching 40 billion dollars. In the same report, monetary authority officers reiterated Mr. Goh's policies of leaving interest and money supply target secondary to the maintenance of a strong Singapore dollar and a reduced monetary authority presence in the republic's money market.

In a rare interview on the subject with the government-supervised English-language daily, The Straits Times, Mr. Goh said, "Nobody in the MAS bothers if M1, M2, M3 or MZ is going up or down.

"We're in this happy position because the government's

financial and economic policies have been successful." Mr. Goh himself is in a happy position since his poorly disguised purge in January 1981 of the then-managing director of the intensary authority, Michael Wong Pakshong Mr. Wong, a widely respected banker with 10 years' experience of central banking in Singapore, was known to clash with Mr. Goh's views.

His approach to the promotion of Singapore as a fmancial supermarket of services was more aggressive than Mr.

Unlike Mr. Goh, he favored a merger of the monetary authority, which performs most central banking functions, with the separate body that issues the Singapore currency. He was accused by Mr. Goh of running the authority's reserves under too short-term policies, and of managing foreign currency too conservatively.

. Report Forced Resignation A handpicked team of youthful investigators produced a

report that in effect forced Mr. Wong's resignation. When Mr. Wong resigned, the authority saw a learninglike exodus of about one third of its 180 staff, including the head of the international department and other key execu-

many of the departed without whom the authority could not That was almost two years ago, and since then divining icurnalists.

developments outside the walls of the monetary authority and Mr. Goh's own baby, the investment corporation, born only last year, has been something of a sport for financial

While Mr. Goh had argued that the authority was over-

staffed, the eagerness of many to leave with Mr. Wong was

reportedly a surprise to Mr. Goh, who was left with a thin

staff of inexperienced civil servants lacking in real banking knowledge. Mr. Goh, who had taken up the chairmanship

of the authority the previous August, was forced to recall

Foreign advisers, among them consultants from N.M. Rothschild and Sons, are equally mum, fearful of Mr. Goh's anger over previous leaks.

Monetary authority officials have admitted that their naccessibility is exacerbating a bad situation.

Authority 'Misunderstood'

According to one executive, a lot of misunderstanding exists about the role of the authority which, because of a high degree of liquidity shifting to government coffers, must ntervene regularly to maintain economic equilibrium.

It has traditionally balanced money supply by lending directly to the banking system, intervening in the foreign exchange market, discounting export bills as a way of con-cessionary financing, or making U.S. dollar/Singapore dollar swaps. Only recently has it decided to take a less interventionist role, reducing the cumbersome paperwork it has required of foreign banks, and loosening a few restrictions in financial requirements.

Their policy has worked overall, witness the huge reserves built up over the years, but recently the growing emphasis on a strong exchange rate has resulted in a widening fluctuation of the money supply. Also, the recent impact of the international recession on Singapore's trade statistics has dented Singapore's commercial hubris, and led to complaints from local manufacturers that the strong dollar policy is cutting into export figures.

Ranks Warned

Half year figures for this year were worse than expected. Export growth rates dropped in volume from 7.4 percent to .4 percent. The monetary authority retort to manufacturers is that Singaporean production has a high import content, and that in the sense that component and production machinery from overseas is cheaper, the exchange rate has a

Behind the scenes, the authority is negotiating with the Ministry of Trade and Industry to arrive at some workable

balance in the exchange rate policy.

Bankers are as displeased with the authority as traders, now that competition has made life more difficult. For example, Mr. Goh's adamancy against the internationaliza-tion of the Singapore dollar is unpopular and reserve requirements on Singapore dollars have led to evasion by many foreign banks.

In September, the authority issued a "stern warning" to offshore banks who exploit a loophole in exchange controls

enabling them to accept Singapore dollar deposits without subjecting them to reserve requirements.

هكذامن الدعهل

Bankers reply that understanding the policies of the au-thority and establishing contact with it is as hard for them as for journalists. They mourn the imminent departure of the deputy manager, Lim Ho Kee, and the manager of the banking and institutional department, Heng Chiang Meng, both on loan from commercial banks. A leading merchant banker said, "When they go, we

won't have the slightest idea whom to contact." Occasionally one hears of a junior staffer in the authority posing his queries for confidential information to a senior foreign banker in terms that resemble more a threat than a

question, something that makes an offshore bank anxious

for a restricted license very nervous. When asked about these problems, an authority official said, "The extent of the banks' cooperation depends on how

the questions are asked and who asks them. The interface may need to be smoothened. But we have got to make an evaluation of the person's ability to do his

job and get on with it." Behind this lies a deeper fear that the authority's younger staffers will not retain their regulatory authority if their relations with the relatively small Singaporean financial community become too close.

Investment Postnoned

The investment corporation is also suffering from teething problems. According to Mr. Goh, the corporation has opted for the "do-nothing portfolio" and near total withdrawal of corporation funds from equity markets in Japan and the United States. Plans to purchase property, perhaps in Australia or the United States, have been put on hold, and the corporation's funds are mostly in liquid assets, waiting out the current recession.

Things may change when the corporation acquires a new managing director, Richard Hu, next year, replacing the maggressive Yung Pung How.

One stockbroker commented that he hoped Mr. Hu would apply his management skills, honed as chairman and chief executive at the Shell companies in Singapore, to sort out what he called the misappropriation of personnel within

He said, "You train them for months on secondment to deal in equities, and a month after returning to the corpora-tion, they're assigned to gold."

Complaints from outsiders are numerous, but more of a clue to real troubles was the response from a monetary authority official when asked what he felt the true concerns "Ensuring that we remain relevant to the economy. achieving a symbiotic relationship with the Ministry of Finance and the Ministry of Trade and Industry, understanding the nature of our surplus in order to fashion the investment policy.'

Clearly the monetary authority is worried about more than poor press relations.

— DENAH LEE



THE FINANCIAL CENTER: New office buildings crowd the skyline of central Singapore's financial and banking center.

## Regional Financial Services Role: Government Opts for Less Growth

concessions like the abolition of estate duty on gold deposits, and the scrapping of the stamp duty on Asian currency loan agreements.

The message was clear: for the moment Singapore was to remain more a specialty delicatessen than a

While specific areas of financial activity remained lively, observers could detect what one called "a loss of heart" in the supermarket concept.

Figures for the first half of this year for the financial and business services sector, still the fastest growing area of the economy overall, showed a growth of 12.3 percent, compared to 18.8 percent for the first six months of last year.

Part of the pause in the expansion of the financial sector was due to the impact of the international recession which had finally made itself felt in the last

But even before Singapore's vulnerability to West-ern stagnation was in evidence, bankers were pointing to the dismissal in January 1981 of Michael Wong Pakshong from his post as chief of the monetary agency as a sign of shifting priorities at the top.

Mr. Wong was known for his pioneering attitudes

toward Singapore's growth in financial services, and while no one can point to examples of the government actively hindering progress toward the supermarket model, official support seems more selective and less experimental than before.

As a touchstone for its success on an international scale, Singapore can always look at Hong Kong. In many ways, the British colony of over five million seems the antithesis of its smaller island challenger of 2.4 million. Both have predominantly Chinese populations, but Hong Kong is adventuresome and even seedy, while Singapore is prudish and manicured.

The Hong Kong government style is ofter scribed as "laissez-faire," while Singapore's go ment regulation of the financial sector is rigorous thorough.

Hong Kong has a head start as a "booking cer particularly as a leader in loan syndication w large community of international "players." Singapore has boasted the rapid development of Asian currency market, making it a leading reg funding center.

Another factor is Hong Kong's move last spri threaten Singapore's top spot in the Asian curi market by finally lifting its 15 percent withho tax on interest paid on foreign currency deposits gapore's willingness to do so in 1968 was largel sponsible for the rapid rise of the Asian Curi Unit market here, and Singapore's development a regional funding base.

Singapore More Experienced

Singapore's current hopes to retain its lead in of increased competition from Hong Kong are t on its longer experience in the Asian Currency market, its strong infrastructure for ACU act and its official support from the monetary author Singapore is aware that merely retaining its re

a funding center is not enough and attempts been made to strengthen the market for financia struments ranging from Asian dollar bonds and gapore floating rate certificates of deposit to gold SUrance.

This year, the monetary authority permissionance companies to include certificates of de and commercial letters of credit in the liquid z requirement stipulated by the monetary author The move had been suggested a decade ago, and seen as one of a few belated moves toward fu liberalization by the authority.

### Expected Decline in National Growth Rate Causes Concern to mechanize and automate are

(Continued from Page 9S)

dustry. Instead of making cheap radios and garments, Singapore set its sights on such items as aircraft engines and computers. U.S. aerospace firms such as Sundstrand Corp. and Gatrett Corp., have responded to the challenge and set up manufacturing units. Other well known international corporations are producing computer su-bassemblies, pharmaceuticals, op-

tical equipment and medical disposables.

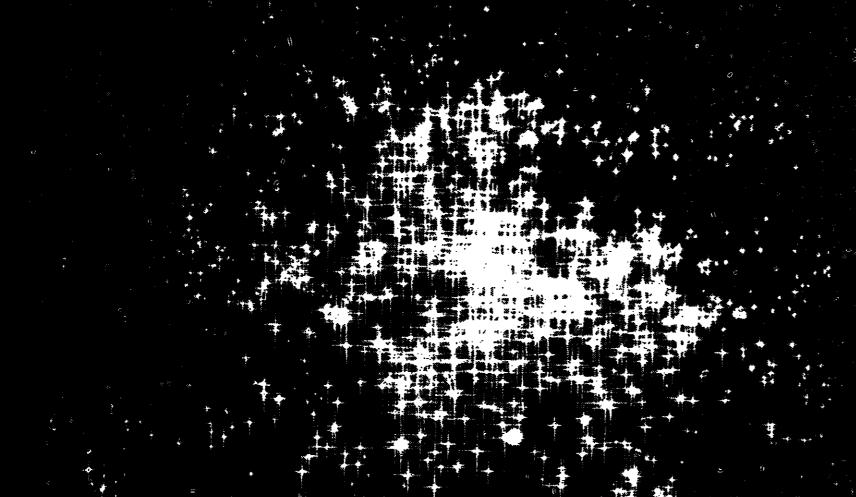
Singapore is now in the fourth year of what many refer to as a second revolution," its attempt to pull the economy up from cheap labor to high technology. To restructure, it instigated three years of high wage increases in an attempt to force employers to streamline their labor forces and operate effi-

being driven out by cost considerations to other countries in the region. Now that the revolution is meeting with some success, the wage rates have been stabilized.

To ensure this, the government is encouraging a return to normal collective wage bargaining, rather than the employers, unions and even the industrial arbitration ciently. court following the National Wage
Those companies not prepared Council's wage increase guidelines the past Singapore's so-called second

revolution also called for revamping the educational and training facilities to upgrade the standards of education. Intake at the university and polytechnic level has almost quadrupled, while at the lower levels, expansion continues of the industrial training facilities for operatives, skilled craftsmen and

Singapore's aim is to wean itself away from dependence on foreign workers in the manufacturing field by 1984 and in all sectors apart from construction and the shipyards by 1992. Mr. Lee said recently that he might allow a small number, about 5 percent, to remain in certain sectors to act as "pacesetters" because foreign workers in the main tended to work harder than Singaporeans.



Intelligence from outer space? On the contrary.

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carrying commercial traffic between two telephone exchanges in Singapore. Which makes Telecoms the first in the world to communicate with them\*. Technical innovation in global communications is not new to Singapore. In fact, our systems are

amongst the most advanced in the world. What's more, our data communication capabilities, our infra-structure of satellite, submarine cables, HF, VHF and UHF, our reliability, our high standard of service and our communication

engineering expertise are all second to none. Which isn't surprising when you consider that today Singapore is not only the world's second busiest port, but also one of its most important. financial centres.

With all this in mind, isn't it time you = communicated with us?



We'll keep you in touch with the world.

Telecommunication Authority of Singapore

## SINGAPORE

## Fovernment Planners ee State's Future as 'egion's 'Brain Center'

By David Watts

IGAPORE - From being a enter of low-cost labor, S re is moving quickly to estab-iself as the "brains" of South-

recognition of the need to the economy up-market, the mment has completed a proof annual wage increases of ercent in the hope of attractnigher value-added industries republic while forcing out -intensive firms that are no r able to compete with neighig Malaysia and Indonesia.

th its lack of natural reæs and small work force, the upore government recognizes ast move as fast as possible the knowledge industries of uture if it is to retain a comve edge and enhance its peo-standard of living.

igapore aims to be the region-ider in banking, finance, medand engineering and other altancy services. Allied to that tion is an equally important the making of Singapore into ater of computer skills, from ators and programers to the afacturing of computers, spare and design of software.

typical Singapore style a n goal has been set: to catch ith the present level of com-: diffusion and machines per a in Japan by the year 1990. involves bringing home to evne that from now on computre going to become important y cases, part of the family.

tional Computer Board, which rec-ommended that a pool of comput-er professionals be built up and computerization of the civil service be accelerated.

One of its key ideas is to grant loans to senior civil servants to enable them to buy microcomputers for use at home, reasoning that familiarizing senior bureaucrats with computers will have an influence on their introduction and ap-

It is planned to equip 10 minis-tries with 100 million Singapore dollars worth of equipment over three to five years.

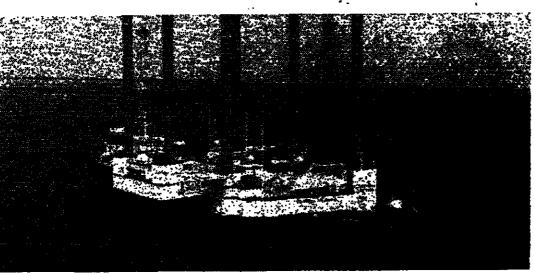
At the opposite end of the scale the government is moving, through the schools, the national trades union council and local community associations, to introduce Singaporeans to computers, giving them the opportunity to take either short-term or full scale computer courses leading to careers in the in-

Government grants and loans are available for companies and individuals wanting to improve their

By 1985 it is planned to have an average of three microcomputers for each of the 171 secondary schools and to have four teachers trained in basic computer sciences at each secondary school by the following year.

Computer clubs are being established at housing and development board estates so that parents and youngsters can attend computer courses in the evenings. There has been an enthusiastic response.

There are now about 1,200 computer professionals in Singapore.



U.S.-BOUND: Two Bethelehem Steel JU-200 MC jack-up rigs made in Singapore on their way to the United States.

and the government plans to train new entrants to meet an estimated demand of 7,800 by 1990.

of various levels of competence.

The biggest supply is to come from training facilities set up as joint ventures with foreign govern-International Business Machines

is working with the National University of Singapore on a training institute that will produce 200 graduates a year. The Japan-Singapore Institute of Software Technology has taken in a first class of students for a two-year program under a five-year agreement with the Japanese government, which has donated eight million Singapore dollars' worth of computer equipment.

International Computers of Britain is to supply equipment and teachers for the third such institute, the Center for Computer Studies at Ngee Ann technical college. The center will eventually have 600 students.

A principal worry of the government over the last few years has been how to achieve targets without slipping below an internationally acceptable level of compe- of 2 percent of the salaries of all

Singapore has made an agreement to adopt the methods and standards of the British Computer Society, so that students qualifying in Singapore examinations will be exempted from British examina-

Part of the finance for the government's program is to be gener-ated through a levy on employers

employees earning less than 750 dollars a month. The government calculates that the companies will want to recover some of their money by putting employees into the

The government is also encouraging foreign nationals with com-puter skills to settle in Singapore, notably those from the sub-conti-

PEARL MARSHALL is a free-lance journalist who specializes in economic and technical reporting.

DINAH LEE is a free-lance journalist based in Singapore who contributes to the Washington Post and other

DAVID WATTS is the Southeast Asia correspondent for the London Times.

NARAYANAN BALAKRISHNAN is a business reporter with the New Nation newspaper in Singapore.

## World Oil Glut Means Sharp Cut In Orders for Offshore Rig Builders

SINGAPORE — With the current oil glut and about 50 to 60 offshore rigs around the drillships. world "stacked" waiting for work, it is no wonder the number of new orders Singapore's rig builders received dropped from 16 last year

to two this year. The stacked rigs represent about 10 percent of the total offshore fleet, and the near future looks

Barton Larimore, president of Bethlehem Singapore, a subsidiary of the U.S. Bethlehem Steel, said, Demand will climb much more slowly than in the past and the amount of new buildings will be spread over a wide spectrum be-cause of the increase in builders worldwide since the second boom got going in 1978." A total of 21 mobile rigs (jack-

ups, semisubmersibles and drillships) were listed under construcsains) were inter inter constitution in August in Singapore's five yards, Bethlehem Singapore, which had one, Far East-Levingston, five, Marathon, eight, Promet, five, and Robin Shipyard, two.

This compares with about 34 such rigs under construction last year at the same time.

Singapore-based companies faced their highest workload ever in 1981, after a record number of contracts won the previous year. They delivered 15 jack-ups, en-abling them to record sales of 790 million Singapore dollars.

Singapore Passed Despite this busy pace, however,

Singapore was displaced as the sec-ond largest rig-building nation, by Japan, which secured several orders for semi-submersibles.

Singapore's share of the market can be gauged from the fact that in September 1981 it was building five of the 51 semisubmersibles un-

In September 1982 its share was five of the 50 semisubmersibles, 13 of the 74 jack-ups and two of the nine drillships, with one additional mobile rig of unspecified category.

In addition to this, Far East-Levingston repaired the new Maersk Valiant for owner Maersk Drilling of Denmark. The rig, built by a Japanese yard, encountered problems in December during operation and its damaged leg sections had to be repaired.

Far East-Levingston was able to hold more than a 30 percent share of the rig market in Singapore in 1981 in terms of contract value. On the delivery side, Robin

Shipyard was able to start in mid-September transferring the 84-mil-

Although China has bought jack-ups from the Singapore yards before, including two from Robin Shipyard and one from Bethlehem Singapore in the late 1970s, its preference is increasingly to construct them in its own yards.

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Its lack of management and technical know-how in the field is overcome through cooperative arrangements with foreign designers and consultants.

The Chinese eventually hope to become the principal suppliers of drilling rigs and support services to the Western firms entering into partnership with them to explore. and develop areas designated by

Beijing.

An informed industry source said, "There is no question the Chinese want their own supply boats and

Although the offshore rig business has been hit hard, the market is still reasonably buoyant for supply vessels... As China's offshore exploration and development starts to warm up, a number of Singapore-based companies hope to be able to supply more equipment and services.

lion-Singapore-dollar jack-up Sa-gar Shakti to India's Oil and Natural Gas Commission. Its last remaining 110 million Singapore dollars jack-up is expected to be completed for the same company early next year.

Although the offshore rig business has been hit hard, the market is still reasonably buoyant for supply vessels. Singapore Slipway and Engineering and GUL Engineering, both Singapore shipbuilding companies, have major orders.

Singapore-based firms are also looking in the direction of India, which has reportedly tendered for more than 30 tug boats and supply

As China's offshore exploration and development starts to warm up. a number of Singapore-based companies hope to be able to supply more equipment and services. The typical contract envisaged is similar to the \$50-million contract that the Singapore subsidiary of U.S. Baker Marine won to supply

jack-ups at China's Dalian shipyard, which were commissioned in September. Singapore-based companies reportedly are supporting zion of several more.

their own pipe, machinery and equipment inventories if they can possibly get them. "They've already told the people

in Hong Kong that they will not plan for Hong Kong on a longrange basis to supply the Chinese offshore fleet." But as experience has proven.

the Chinese might not be able to become self-sufficient as fast as they wish, and determining the size of the future market for equipment and services is very much a guessing game for Western companies.: In the meantime, Singapore argues convincingly that with its five jack-up yards and 20 to 30

who wish to assist in future regional oil and gas exploration and de-Oil exploration activity in the re-

other yards capable of doing repair

work, it is a good base for those

The established companies are using most of the rigs available so there are few stacked, but there is little hope of a renewed impetus to

## oreign Firms Respond to Bid for a Bigger Share of World Market

part of companies' expenses nding employees back to parcompanies for plant training panies can also obtain skilled ers straight from governmentalv a fraction of overall train-

Low Interest Financing

e Singapore government's al assistance scheme allows ted companies financing at red interest rates for part of building and machinery. To small companies under fy, companies have to be in a industry finance scheme.

priority industry and producing something which brings a major advance to that industry.

Though companies are producing semiconductors in Singapore on a large scale, for instance, raining institutes by making a no company is yet producing ase payment." This amounts wafers. So the board is providing this type of financing to two companies bringing in wafer diffusion

> Other more minor incentives include: exemption of tax on foreign loans, exemption of tax on royalty payments and low-rate finance to small companies under the small-

To stimulate research and development activity, the government last year started financing directed research by private firms working on joint projects with public sector

organizations.

Norway's E.B. Communications, for instance, is jointly devel-oping an integrated telemetering. alarm and telecontrol system with the telecommunication authority

> Singapore sees an increasing need to diversify into advanced services like engineering design, surveying, computer software and banking and finance, as more of

the large multinationals start operating in the Association of Southeast Asian Nations, ASEAN, and the Pacific Basin, including China.

particularly oil companies like Indonesia's national oil company Pertamina, are also natural cus-P.Y. Hwang, the development board chairman, said, "They can

go to New York for their sophisticated financial services. They can go to London.

Growing ASEAN enterprises,

"But if there are facilities set up in the region, and if Singapore can produce a faster and more efficient

cause of our closeness."

One of the service areas the government would like to foster more plant design and maintenance The board had a "quick look around" recently at companies like Brown and Root, Matthew Hall, John Brown and Chiyoda.

Form of Presence

It found that more than half the major firms in the business had some form of presence in Singapore, often a regional office looking after sales. Some had started

The board sees a lot of processing of natural resources moving to the locations where the resources

Refineries, chemical plants, palm oil mills, and timber processing plants will increasingly be set up as joint ventures with Indonesia and Malaysia, for instance, instead of being located in the West as in

Mr. Hwang said, "This will increase the demand for machinery as well as design services for the plants, and we think that Singapore can play a key role."

-PEARL MARSHALL

velopment. gion, like the rest of the world, has

equipment and personnel for two open up new areas or hire new rigs until oil demand starts picking up

— PEARL MARSHALL



# SOUTH EASTASIA IN FORTY WINKS.

Though we can't shorten the flight, we can do a lot to shorten the ime it seems to take. We do our best to help you really relax on board.

We have less seats in our first class, 18 instead of the more sual 26, luxurious Skysleepers in which you can stretch out completely nd still leave room for other passengers to pass without disturbance. s well as a lounge for inflight conferences or just for get-togethers.

Our business class is not separated from tourist class by a mere urtain. It comprises the complete upperdeck, has its own stewardesses, galley and toilet and offers mostly enough room to stretch out crossways. So the business passenger gets the ease he pays for

We provide nightkits (sleeping mask, slippers and a blanket). a stereo channel with lullaby music and a wide choice of 'nightcaps'. No wonder, our passengers tend to do a lot of dozing drowsing, snoozing and slumbering.

And while they're awake, we keep them entertained with all kinds of stereo music, films, newspapers and magazines, excellent meals (not forgetting our exquisite Indonesian rijsttafel), distinguished wines, and a choice array of other drinks and titbits, served with the warm courtesy and individual attention you might expect from our Indonesian stewardesses. It isn't easy to turn a long distance flight into a

"dream trip", but we sure do our best to help you dream the miles away.

GARUDA. WHERE EVEN TIME FLIES. HOPELE

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BUSINESS / FINANCE

New Issues

Languish

In Europe

By Carl Gewirtz

PARIS — With a record \$38.85

billion of Eurobonds floated in the

first nine months of this year -

double the volume in the year-ear-lier period — it should be no

surprise that the market is running

The \$600 million of dollar

bonds launched last week, along

with the \$530 million floated a

week earlier, languished despite the continuing rally in New York

The new Eurobonds continue to

he priced very aggressively by un-derwriters who expect further dec-

EUROBONDS

lines in interest rates. Un-

derwriters are not reluctant to hold

these bonds, as financing costs are

low and holding the securities

means they can earn a profit. But

investors are just not buying Bankers lament the drying up of demand from Switzerland, which

one expert estimates swallowed

some \$50 billion of bonds in the

port, European investors are

nowilling to buy dollar investi-ments with the dollar so strong. More fundamentally, analysts ar-gue that portfolios in Europe are bulging with bonds, particularly

Unbalanced Portfolios

They see money available for

new bonds — particularly dollar income on existing holdings —

By Michael Quint

New York Times Service

terest rates will decline soon have

The \$400-million rise in money

supply announced by the Federal

Reserve Friday was modest, but it

surprised analysts, who were ex-

pecting a decline of a few billion

Interest rates rose sharply late in the day as traders concluded that

been set back.

NEW YORK - Hopes that in-

dollar-denominated ones.

past 18 months

bond prices.

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### U.S. CREDIT MARKETS

the unexpected growth in money supply increased the likelihood that the Fed would allow some slight increases in short-term rates.

New York Times Service

Noel Phillips returned from the United States to his native South

Africa in January 1981, he thought it would be, in his words, "forev-

Mr. Phillips had resigned as ex-

ecutive vice president for sales and

marketing at Volkswagen's U.S.

subsidiary because he was tired of communing between Detroit, New York and the home that he main-

tained in one of Johannesburg's affluent northern suburbs. His three

daughters were at school in South Africa and his wife was eager to

But the 48-year-old Mr. Phillips

will return to Detroit next month, this time as president of Volks-wagen of America Inc. "I wasn't

expecting it or looking for it," he said of his new assignment. "But

there is an obvious attraction in being offered the top job."

Sales Slide Volkswagen, which announced last week that Mr. Phillips would succeed James W. McLernon, is

succeed James W. McLerron, is one of the many casualties of the slumping U.S. automobile indus-try. VW's sales have fallen steeply since Mr. Phillips left in early 1981 to take over the McCarthy Group, a South African holding company for a large number of vehicle deal-ershing

get back.

JOHANNESBURG + When

## **NEW EUROBOND ISSUES**

		Se S	<b>]</b>	Borrower	Amount (millions)	Moturity	Coupon %	Price	Yield At Offer	Terms
					- Y					
•			New York Norsk Hyd	Times Int'l Fin. Iro	\$50 \$100	1987 1992	12% 12%	100 100	12¾ 12¾	First call at 100½ in 1986.  Callable in 1988 at 102. Sinking fund starts in 1988 to produce 8-yr average life.
	ļ									
	+	Ļ	World Bar		DMT 00	1990	8½	100	8½	
<u> </u>	<u> </u>	<u> </u>	Citicorp	··· · · · · · ·	<b>E</b> 015	1989	13			Price to be set Oct. 8.

DM exchange rate. But analysts suspect that the bulk of money available for new investment is being readied to move into the U.S. stock market. As a result, the issues launched

last week were difficult to sell. These included: Amsterdam-Rotterdam

Bank's \$200 million of seven-year notes offered at 99½ bearing a coupon of 13 percent to yield 13.11 percent. They were quoted at week's end at 97%. Bayerische Vereinsbank's \$75.

million of seven-year notes, priced at par bearing a coupon of 134 percent. They were quoted at 97%.

• Canadair Ltd.'s \$175 million In part, investment bankers reof seven-year paper at par bearing ort. European investors are a coupon of 12½ percent. This is nextly with the dollar so strong initially launched with a coupon of 12½ percent. This is sue, guaranteed by Canada, was initially launched with a coupon of 12½ percent. 12% percent but increased to bring it closer into line with prevailing yields on Canadian paper. Despite that increase, traditional managers of Canadair paper refused to join the underwriting. The notes were

cruoted at 981/2 New York Times Internationgoing to the Deutsche mark mar- al Finance's \$50 million of five-ket to take advantage of the low year notes, offered at par bearing a overshadowed by the change of

coupon of 121/4 percent — a thin half-point over comparable U.S. Treasury paper. This paper was quoted at 98½ for a yield of 13.18

Norsk Hydro's \$100 million

of 10-year bonds, priced at par bearing a coupon of 12% percent ended the week at 98% for a yield of 13.07 percent. The quotes on all these issues are somewhat artificial as they are all syndicate bids; underwriters are

maintaining the price. The same was true for the issues floated a week earlier, which are being held at a quote of two points below is-

2 Triple-A Issues

The only exception were the two triple-A rated issues — Japan Development Bank's 124s of 1989. which were quoted at par, and On-tario Hydro's 124s of 1992, which were quoted at 984, off 14 points from issue price.

a semi-annual coupon of 11 percent and sold to banks at 96% were quoted at 96%-97%.

government in West Germany. This buoyed share prices, but analysts were cautioning that there were no quick cures for getting the economy moving again. Nevertheless, a continued easing of money market rates and the promise of increased taxes to reduce the federal

deficit helped the bond market. GMAC's 84s of 1987, priced week ago at par, ended the week at 101, while Beecham's 8%s of 1992. offered at par, were quoted at 99. The EIB 84s of 1992, offered at 99, traded at 974, while Eurofima's 84s of 1990, priced at 994, ended the week at 984.

The World Bank, in a private placement, sold 100 million DM of eight-year bonds at par, bearing a compon of 8½ percent.

Bass Charington will offer 80 million DM of 10-year bonds on Monday, expected with a coupon of 81/2 percent. Australia and Sears Roebuck will tap the market later in the week.

Elsewhere, Copenhagen is offer-ing 75 million guilders of 10-year bonds bearing a coupon of 11 percent. The issue price will be set on

Citicorp International Finance,

the first U.S. borrower to offer European currency units, is selling 15 million ECU of 6½-year notes bearing a coupon of 13 percent The issue price will be set on Oct. 8. The odd maturity is designed to cover the specific needs of the client transaction underlying the

deal, bankers report.

Caisse Nationale des Télécommunications, guaranteed by France, is offering £20 million of seven-vear notes at par bearing a coupon of 121/2 percent.

Eurobond Yields	
For Week Ended Sept. 29	
Int'l Inst. lo. term US\$	13.84 %
Ind. long term, USS	15.36 9
Ind. medium term, USS	15.61 9
Con.\$ medium term	15.89 %
French fr. medium term	16.86 %
int'i inst. ig ferm yen	8.58 %
ECU medium term	13,21 %
EUA long term	12.04 %
Int'l inst. lg ferm FLx	10.77 %
FLx long term	11.08 %
Colculated by the Luxembourg Stock	EXCIDING

Market Turnover For Week Feded Oct. 1

## Surprise M-1 Growth Dims Hopes for Interest Rate Decline

scarcer in the banking system and encouraging higher interest rates, Other economists do not share

Mr. Braverman's view and say that the weak economy will keep money supply growth slow and climinate the need for any Fed action leading to higher interest rates. Confidence in that forecast has been shaken, however.
In the credit markets Priday, in-

terest rates ended at slightly higher levels after a last-hour flurry that reversed the declines set earlier in day. Three-month Treasury bills were bid at 7.74 percent, up from 7.37 percent before the money supply report and 7.6 percent on Thursday.

"The money supply has just begun to accelerate," said Philip Braverman, a money market economist at Chase Manhattan Bank. "Even with a weak economy, it is inconceivable that the Fed will not respond" by making reserves the 14-percent bonds due in 2011 slipped to 118%, to yield 11.69 percent, from 119 18/32, where the

**U.S. Consumer Rates** 

Passbook Savings	5.50
"All Sovers" Certificates	7.48
6-Month Savings Certificates	9,74
Tax-Exempt Bonds Bond Boyer 20-Bood Index	10.48
Money Market Funds Dassphue's 7-Day Average	9.50
Home Mortgage FHj.B. average	T7.02

yield was '11.56 percent, earlier in the day.

money supply far above the Fed's growth targets. The 16-percent annual growth rate for M-1 in the last eight weeks, combined with forecasts of large increases in early October, is sure to be a key issue at this week's meeting of the Federal Open Market Committee, a group of Fed officials who set monetary

a slumping economy. Partly because of the weak economy and low inflation, Fed officials said earlier this year that above-target growth might be tolerated for a Now, however, more analysts

are concluding that the Fed is tired of waiting and is likely to take modest measures to reduce money supply growth, even if it means a slight increase in rates just before an election.

Paul Boltz, a financial economist at Continental Illinois National Bank & Trust Co., said that data on bank reserves, which have become scarcer in the last three weeks, show that the Fed has "obviously decided to firm credit conditions somewhat. Even if bank reserves become

scarce enough to raise the overpolicy.

The normal cure for fast money

night rate for bank loans in the
Federal funds market to 11 per-

supply growth — tight credit and high interest rates — would be contrary to the immediate needs of Mr. Boltz said, "that is by no age for the week ended Sept. 29, Mr. Boltz said, "that is by no means a severe tightening of Fed monetary policy." He added: "I think they will wait until they see money supply data for Oct. 6 and Oct. 13 before making a decision."

In the week ended Sept. 22, M-1 which consists of currency and all kinds of checking accounts reached \$461 billion, about \$4.1 billion above the level consistent with 5½-percent annual growth from the fourth quarter of 1981 to the fourth quarter of 1982.

**CSR Limited** 

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## Doubts Arise About Suzuki As Yen Falls to 5-Year Low

By Henry Scott Stokes New York Times Service

TOKYO - The dollar has risen to 270.40 yen in New York, its highest level against the Japanese currency since June 28, 1977. The currency has been exceptionally strong in recent weeks, despite a fall in U.S. interest rates.

Why is the dollar so strong? What ails the yen? "Not only the yen, but all major currencies, the pound, the Dentsche mark, the French franc, are weak vis-a-vis the U.S. dollar," said an official at the Japanese Ministry of Finance. People tend to seek a haven for assets in times of political or military uncertainty - the dollar.

Yet, over a long period, the dollar's performance against the yen has been exceptional. Since the an-tumn of 1978, the appreciation is 54 per cent, from a low of 175.50

The fall in the yen's value is surprising Japanese exports surged from 1979 to 1981, unsettling competitors in Europe and the United States, and Japan has a reputation abroad as one of the best-managed economies in the history of capital-

### Doubts About Suzuki

But recently there has been a feeling in Tokyo of uncertainty about the economy as a whole, and there are widespread doubts about the way the prime minister, Zenko Suzuki, is tackling the problem. Last month he declared a "state

of financial emergency" and then left for a visit to China without announcing budget deficits.
"In a worldwide structural re-

cession, the yen can hardly be appraised highly, because of Japan's huge deficits in its state finances," said Hiroshi Fujiwara of Mitsubishi Oil Co. "Measures to cope with the revenue shortfalls have not been effective." There is "a sense of drift in economic policy" in Japan, added a Bank of England specialist.

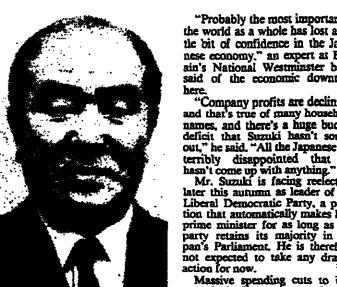
A number of factors have contributed to the weakness of the yen, Finance Minister Michio Watanabe has noted. There is no simple explanation and no agreed-

The major causes include: • A gap of 3, 4 or 5 percent in long-term interest rates, despite recent reductions in the United States. This has encouraged a huge flight of capital from Japan.

upon panacea for the yen.

 Speculation against the yen in international financial markets.

With the Bank of Japan, the coun-



Zenko Suzuki

try's central bank, unwilling to invest large amounts of its \$24 billion in foreign exchange reserves for probably futile, one-sided attempts to prop up the yen, the cur-rency is vulnerable to big swings against the dollar. The U.S. Federal Reserve has declined to join in any attempt to bolster the yen.

 A curious inability to increase the level of Japanese exports this year, although the fall of the yen makes Japanese products cheaper abroad. For the past seven months to August, exports were down each month from the previous year, with a fall of more than 10 percent in August. This means that Japan's current account, including trade and services, is just barely in the

 A huge projected shortfall in tax revenues in the fiscal year end-ing in March 1983, reflecting economic growth three percentage points short of a forecast of 5 percent in real terms. The government faces a budget deficit of close to \$65 billion, equivalent to about 33 percent of current spending.

### Loss of Confidence Cited The government in Tokyo is

perceived to be failing to keep its house in order. Although the public sector contributes 30 percent of Japan's economic activity - not a large figure for an industrial nation - the budget deficit is 6 percent of the gross national product. This compares with between 3 and 4 percent in the United States and

"Probably the most importar. the world as a whole has lost a tle bit of confidence in the la nese economy," an expert at B ain's National Westminster b: said of the economic downt

"Company profits are decline and that's true of many househ names, and there's a huge buc deficit that Suzuki hasn't son out," he said. "All the Japanese terribly disappointed that hasn't come up with anything."
Mr. Suzuki is facing reelect later this autumn as leader of Liberal Democratic Party, a p tion that automatically makes? prime minister for as long as

action for now. Massive spending cuts to ance the budget, as he promisec 1984, or sizable increases in to to achieve the same objective, be virtually ruled out until a general elections due in Japan a

party retains its majority in

not expected to take any dra

Yet many here feel that the rent monetary uncertai throughout the world, follow the crises in Mexico and Arge na, also has much to with the ye

### 'Hold Dollars for Safety'

"A major factor for the rec strengthening of the dollar i mood prevailing worldwide tha times of political unrest one sho hold dollars for safety," Stsuki Ishiseki of Marubeni Co a trading company.

"Trust in the yen has also b much weakened as a result of

recent failure of the Dai-Ichi K gyo bank in foreign exchange sp ulation," he said. That bank, Japan's largest,

last month that it had lost \$3 million in "unauthorized" deali by a single dealer at its Singar But despite these factors, c

cials said the fall in the yen is "Part of the problem is the n

ket's perception that the Japan economy is weak," said To Gyoten, an official at the Fina Ministry. That perception see to be wrong; I don't think the J anese economy has lost [its] or petitive edge, if you look at in tion, employment and exports." Other positive factors for

yen include a per-capita savi rate of nearly 20 percent of ex ings here, by far the highest in :

## Westpac Banking Corporation

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exceed

US \$12,000,000,000

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**Eraring Power Company of New South Wales Limited** The State Electricity Commission of Queensland

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> **Gulf States Littlities Company** Ok Tedi Mining Limited **Santos** Limited

As Co-Manager

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New Zealand Synthetic Fuels Corporation Limited Petralgas Chemicals NZ Limited Taiwan Power Company

Bank of New South Wales and The Commercial Bank of Australia Limited

Mestpac

have merged to form

incorporated in Australia with limited liability

## Top VW Job Lures South African Back to U.S.

Moreover, the company's assembly line at Westmoreland, Pennsyl-

Mr. Phillips, who has an easy laugh and a Falstaffian figure, is not put off by the setbacks. "I'm going there in a positive frame of mind, aware that there are shortterm problems but that I will be mapping out a long-term future for gen in America."

and worker morale was low. Mr. Phillips brought in middlerank managers from the market-ing, technical, financial and personnel divisions to discuss corpo-rate problems. After that, VWs share of the South African market

In the first eight months of this year, VW sales slid 36.6 percent from a year earlier, and the domestically produced Rabbit, the McCarthy Group, a big motor vehicle retailer in Durban, South Afbackbone of VW's North Ameri-

can business, now holds only 1.6 rica. McCarthy generated revenue percent of the market for cars built of about \$600 million last year, up in the United States.

biy me at westmoreland, Pennsylvania, opened only four years ago, has been at a standstill for five months of 1982. VW is also rethinking a planned second production plant in Sterling Heights, Michigan.

Mr. Phillips is used to the role of fireman. He joined VW's South African subsidiary in 1960, after graduating with a business degree from South Africa's Rhodes University and working briefly as a Burroughs Corp. salesman. He left for jobs in the food industry and retailing but returned

dustry and retailing, but returned in 1972 as chief executive of Volks-wagen of South Africa, taking over at a time when sales were slipping

climbed to 17.9 percent in 1978 from 14.2 percent in 1971.

Mr. Phillips's most recent job has been managing director of the

50 percent from the previous year. At McCarthy, Mr. Phillips's highest priority has been to im-prove communications within the company. He has instituted an annual meeting of about 50 managers during which each details his contribution. He has also set up a more formal reporting system, in-sisting on frequent reviews of divi-

sional performance.

In the process, Mr. Phillips has gained a reputation as a disciplinarian. Dudley Saville, McCarthy's financial director, said that the beginning that he wouldn't take any nonsense."

Mr. Phillips says, "I look for reasonably ambitious but not unrealistic goals — but not in an in-human way." He concedes that he is inclined to demand too much information at too many meetings picture because I need to get in-and to trust himself more than his volved in detail."



**Noel Phillips** subordinates. But he adds, "I

would hope that my career has shown that I haven't lost the big

Interbank exchange rates for Oct. 1, excluding bank service charges. 2.7425 44.95 2.523 1.698 1,636.55 4,469 , 83,865 4,2765 91.36 5.15 114.15\* 4.6694 82.18 3.4671 514.98 22.99 652.75 254.07 14.572 228.96 78.53 4.4545\*

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Balaian Ha, franc 51,95
Canodian 8 1,225
Danish kruer 1,225
Planish mark 4,47
Grout draciema 71,55
Hons Kanp 5 4,26
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mc. (b) Amounts needed to buy one pound. (") Units of 180. (x) Units of 1,500



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## **CURRENCY RATES**

The multinational

### **Two Boeing 767 Airliners** BANGKOK — That International Airways has ordered two Boeing Co. extended-range 767 airliners for delivery in April and June 1984, the U.S. aircraft complanned September 1984 delivery date for the Airbuses. The airline said Friday that subpany said in a statement here Sun-

Thai International Orders

Boeing said Thai International placed the \$100-million order on Wednesday, one day before the expiry of its option to cancel the purchase of two Airbus A300B4-60

Compelition for the Thai order intense since the Airline saible delay in the Douglas DC8 fleet.

ject to cabinet approval it would buy Boeing jets but gave no indica-tion whether the order with the European group Airbus Industrie had been canceled, Industry sources said the Boeing order would mean that the airline had decided to cancel the Airbus order. But a French embassy trade official said that as far as he knew negotiations were continuing between That In-ternational and Airbus Industrie. The new aircraft are to replace Thai International's McDonnell

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due on April 1, and only \$3 million of the \$31 million that was due on Oct. 1. All of the October payment

and about four-fifth of the April

over capital repayments so long as

interest payments are kept current.

Once the interest is not paid, the banks must admit the debt is bad

in Belgium, written by a former Bundesbank official who served as

adviser to Zaire's central bank, is

living in exile, alleges that Presi-dent Mobutu Sese Seko's personal fortune almost equals the foreign

Treasury Bills

Gold Options (prices to 5/02.)

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Feb.

Meanwhile, a report circulating

Banks are usually willing to roll

payment were interest charges.

and set aside provisions for it.

## Banks Object to Wording of French Loan Accord

By Carl Gewirtz

mai Herold Tribune PARIS - A number of U.S., Canadian and West German banks that have agreed in principle to underwrite \$100 million of France's \$4-billion Eurocredit are objecting to the wording of the loan agreement proposed by the

French Treasury.

"There's a lot of arguing about technicalities," acknowledged a government official, who dis-

### SYNDICATED LOANS

missed rumblings about a mass pullout as a mere bargaining chip by bankers trying to force accept-ance of their conditions.

But a number of bankers insist that they will have to reassess their underwriting commitments if the government fails to give them the wording they want. There is no way to determine whether bankers are merely rattling sabers or really would pull out of the loan at the last minute and risk the lasting

hostility of the government. What irks bankers is not a fear of imminent financial crisis in France but rather the precedent it could set for other sovereign borrowers to seek loosely worded loan

### Not Necessarily a Threat

The dispute does not necessarily threaten the French loan. The 16 banks in this group are not unani-mous in warning they would feel forced to withdraw if their demands are not met. Even if all did pull out, the loan could still comfortably go forward, as 55 banks have agreed to underwrite it. These commitments total \$5.7 billion.

The government, which wants the money to bolster its reserves to defend the franc on the foreign exchange market, has chosen to keep the loan's size unchanged --- meaning that the oversubscription would be used to reduce the emount of the loan each bank

If some banks drop out, the oversubscription could be used to

The dispute concerns clauses that bankers consider standard in Euromarket loan agreements but that are not contained in the draft French document. The French note that the contested clauses were not contained in the previous romarket loan for France, syndicated in 1974, and were also absent in the French guarantee for a \$275-million loan syndicated in April for Caisse Nationale des

Télécommunications. The French also maintain that while the clauses serve a valid function in protecting lenders in a loan signed by a corporate entity, they make no sense in a loan for a sovereign state — a point some bankers challenge.

### Missing Clauses

The missing clauses are the pari passu \* negative pledge clause and the cross default clause. The first is a statement that the loan shall not be subordinate to any other loan in terms of payment or security and that no future loan will be better secured unless such security is extended to this loan. This means, for example, that France could not raise a loan using its gold hoard as collateral unless it backed the other loan with gold.

The cross default clause would make this loan immediately payable if France defaulted on any other loan or declared a moratori-um on payments of interest and

### Loan by IMF to Kenya Said to Be Suspended

WASHINGTON -- The International Monetary Fund has suspended a one-year loan to Kenya because the country has been unable to meet economic performance requirements, monetary

sources said Friday.
The loan of 151.5 million Special Drawing Rights (\$141 million) was approved in January, and

Kenya already has drawn 90 million SDRs. The sources said that an IMF mission will arrive in Nairobi this week to assess the sit-Kingdom of Sweden

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principal. What worries bankers is cent of the loan. The remainder that without such a clause France will be offered to a small group. could declare a moratorium on loan payments and still be able to draw on the loan.

There is also no automatic default clause in the proposed language. If France failed to meet its payments schedule, the agent bank, 15 days later, would be authorized to poll the syndicate for a declaration of default. Two-thirds of the lenders would have to agree to call a default. Foreign bankers say they want this reduced to 50 percent, as the nine nationalized French banks participating in the loan equal half the number needed to block such a declaration under

the two-thirds rule. Also missing from the proposed contract is the waiver of sovereign immunity whereby the government declares its willingness to be sued in court for nonperformance. This currently appears to be the only is-sue on which France is willing to give ground, and the clause is expected to be included in the loan

Comparisons With 1974 Rejected

Bankers reject comparisons with the 1974 loan contract. Just as the financial terms are different, they say, so should the legal terms dif-fer. "The market has evolved since then, the circumstances are no longer the same," says one banker. In addition, he notes, this loan is considerably larger than the \$1.5 billion raised in 1974. More important, the new loan will used the government is committed to drawing at least one third of it whereas the 1974 credit was not.

Bankers also reject the govern-ment's comparison with the documentation for CNT because of the much smaller size of that loan. They also insist that just as France is attempting to use that example as a justification for its present stand, other governments will use the French example to exact similar concessions if France gets its

Élsewhere, Indonesia has mandated four banks to arrange a \$250-million, 10-year loan at a thin % point over the London interbank offered rate. The margin and maturity are identical to earlier loans, but the amount is smaller - the only concession Indonesia has had to make to the change in conditions since it last tapped the

market, in March.
Managers dismiss reports that the terms represent a commitment they had made before lending conditions generally began to tighten. Explaining why Indonesia is paying a margin of ¾ percent, compared with the 1/2 percent demanded of France, one manager says:
"We did it with our eyes open. Call
it a statement of our belief where the market is for Indonesia and a reflection of our ongoing relations

### No Wide Syndication

Whatever more lucrative business the managers hope to win in the future, they will not attempt a wide syndication. Japanese banks, with Bank of Tokyo acting as agent for the loan, will take 50 per- gapore and Pakistan.

IMF suspended its loan facility in July, and Zaire's advisers — Leh-man Brothers Kuhn Loeb, Lazard will be offered to a small group.
In addition, a group of Mideast banks is reported to be planning to underwrite \$75 million of floating Frères and S.G. Warburg - say they can serve no useful purpose in the present circumstances "until the present circumstances rate notes for Indonesia.

certain decisions are taken." Their The Korean Development Bank, contract expires in July. seeking \$500 million, is said to have postponed plans to tap the market until the Indonesian loan is Zaire's major bank creditors met in London Friday to discuss the situation and have dispatched a three-man delegation to Kinshasa. The banks received only \$10 million of the \$44.5 million that was completed in the hope that a suc-cessful syndication will enable it to

bargain for better terms.
Thailand, which last March paid split %- 1/2 point over Libor for 10-year money, is reported to be sounding out the market for terms on a new \$200-million loan.

In Latin America, bankers say they are discussing the possibility of raising a jumbo short-term loan for Argentina but that there are formidable conditions to overcome. Among these are an Argen-tine settlement of its arrears with British banks and an agreement to borrow from the International Monetary Fund, which implies agreement to meet IMF condi-

Bankers say they are studying Venezuela's request to convert \$8.8 billion of short-term state agency debt into longer-term loans with maturities of three, live or seven years. Venezuela is also offering to guarantee these longer-term loans. While terms have not yet been spelled out, bankers believe Venezuela will have to pay a margin of l point over Libor for three-year money, 14 for five years and 14 for seven years.

Chile's copper corporation Codelco has begun negotiations for a "club" loan of \$300 million, bankers report. Meanwhile, an IMF mission arrived in Chile last week to negotiate a loan of \$860 million, including a standby credit of \$450

Hungary is reported to be well on the track to arranging a loan agreement with the IMF, and in the interim has asked the Bank for International Settlements in Basel provide a further \$300 million in short-term financing. The request is likely to be granted.

Yugoslavia's request -- \$500 million for three years - is for longer than the BIS usually provides, but central bankers note there is strong support and sympa-thy for Yugoslavia.

Zaire is again moving to the limelight as a trouble spot. The

### Trade Panel to Study **Hong Kong Complaint**

GENEVA - An arbitration panel is to investigate a complaint by Hong Kong against France for trade restrictions on quartz watches, toys, telescopes, sporting goods and clothing, a spokesman for the General Agreement on Tar-iffs and Trade said Friday.

The complaint against France was filed by Britain on behalf of Hong Kong and was supported by the United States, Japan, Canada, Hungary, India, South Korea, Sin-

## Fears Poor Lands

UNITED NATIONS, New York Singapore's foreign minister, S.
 Dhanabalan, has warned that
 Third World countries may never be able to repay or even service their huge foreign debts.

In a speech to the UN General Assembly Friday, he estimated the total debt of the Third World at \$500 billion.

"The default of even a proportion of the massive debts that have been accumulated could trigger a total collapse of the global financial system, which would, in turn, lead to a deep global depression," he said. "It is inconceivable to me how this debt can be repaid or

Mr. Dhanabalan blamed the debt problem on high energy costs, recession in the major industrial countries and depressed prices for primary commodities produced in the Third World.

causing a storm with its charges of "Squeezed between high costs and falling incomes, these poor countries have had to resort to rampant corruption (allegedly involving some prominent Belgians) among Zaire's ruling class and a complete disregard for repaying massive borrowing for consump-tion and not for investment," he external debt of nearly \$5 billion. An annex to the report, written by a former Zaire government official

June 1982

74年6年7月77777777777777774年4年4月77788年8月8日

## Singapore Official U.S. to Allow Bankers Can't Repay Debts To Form Export Firm

New York Times Service
WASHINGTON — The way appears clear for enactment of a law allowing bank holding companies to create companies that would sell

a broad range of export services. The Senate approved a compromise version of the hill Friday, and the House followed suit early Saturday. President Reagan was reparded as certain to sign it into

The bill would permit banks to make their substantial capital available for the expansion of export services in an effort to make the United States a more effective competitor in world markets.

Congressional aides say that although Japanese trading compa-nies have been portrayed as a mod-el for the bill, the legislation denies the banks authority for the kind of far-reaching interlocks among finance, trade services, manufacturing and agriculture that are common in Japan. Large banks in New York and

elsewhere supported the bill and have expressed interest in forming export-service companies, in some cases as joint ventures of two or more banks. However, Gary M.

Welsh, Washington counsel long Bankers Association for Forte Trade, said the interest of sy banks may have cooled during several years that the bill has le before Congress. In New York. Chase Manhay Bank, which has actively supposed the legislation, was noncontal about whether it would set

trading company. Congressional aides said that port trading companies typic have been thinly capitalized have been thinly capitalized a nures specializing in one or two port services, such as insural ocean shipping, finance, licen-or market research and development. "Most of these compa-tended to be run by one or-entrepreneurs who are his skilled but have a narrow ra-perhaps one product or one caperhaps one product or one ce try," a Senate aide explain "They were not really equippe take on new lines of product

Large banks active overseas said to have wide export ext ence, but they have been ba from offering their services by intended to keep banks ou manufacturing and commerce.

> This announcement appea as a matter of record or



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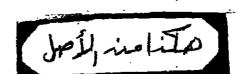
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his second straight shutout, a 4-0

three-hitter over the San Diego Padres here Friday night.

It was the 43-year-old right-hander's seventh homer in a 19-

year career and his first since July

28, 1976. The shutout was his sec-

FRIDAY BASEBALL and of the season and his 43d life-

time. Niekro (17-4) struck out

eight, including six of the first 11

Loser Eric Show (10-6) was vic-

timized by his own wildness. After

the left-field stands, came in the

seventh with one out and Hubbard — who again had walked on four

Major League

**Standings** 

Pa. 5% 5% 52 45 45 45

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1 Sylv
1 UCont
1 UC

AMF 15% 15% ASA 45% 29-16 44 11/4

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Niekro's Arm, Bat Pace Braves' Victory Compiled by Our Staff From Dispatches SAN DIEGO — Pinl Nickro hit a two-run home run in support of

Dodgers 4, Giants 0

In San Francisco, Rick Monday hit his fourth career grand-slam homer in the eighth and Jerry Reuss pitched a three-hitter to help Los Angeles down the Giants, 4-0. Steve Sax started the eighth with a walk off Fred Breining and, after Ken Landreaux struck out, Dusty Baker singled and Steve Garvey walked to fill the bases. Monday followed with a towering drive into the bleachers in right-center.

Reds 4, Astros 2

holding Atlanta hitless through five innings, he walked Glenn Hubbard on four pitches to open the sixth. Bruce Benedict moved Hubbard up on a groundout before Claudell Washington lined a single to right to make it 1-0.

Nickro's home run, a shot into the left-field stands came in the In Houston, Tom Lawless singled, doubled and scored two runs Cincinnati defeated the Astros, 4-2. Loser Nolan Ryan (16-12) struck out 10 and finished the season with 3,494 career strikeouts — 14 short of Walter Johnson's alltime record. Ryan extended a ma-jor league mark by striking out at least 10 batters in a game for the

> Expos 8, Pirates 5 In Pittsburgh, Gary Carter's two-out bases-loaded single in the 11th scored two runs and sparked Montreal to an 8-5 victory over the

Mets 1, Phillies 0 In Philadelphia, Terry Leach allowed one hit — a triple by Luis

Transactions

BASKETBALL ATLANTA—Traded Tom Surie

five-year contract. Released Kenny Arnold. Wayne Wassoner and Eddle Thurman, suards and Bab Grady, center. obert Reid, forward/guard. INDIANA—Reached contract agri

pitches — on second. Niekro began the season with a lifetime batting average of .167.

Dodgers 4, Giants 0

Aguayo in the fifth — and Hubic Brooks' sacrifice fly in the 10th scored Rusty Tillman to lift the Mets past Philadelpia, 1-0.

### Orioles 8, Brewers 3 Orioles 7, Brewers 1

In the American League, in Baltimore, Eddie Murray and Cal Ripken each hit two-run home Ripken each hit two-run home runs to help the Orioles defeat Milwaukee, 7-1, and complete a doubleheader sweep. In the 7-1 opener, Rich Dauer and Terry Crowley had two RBis apiece and Ken Singleton hit his 14th homer of the year. Dennis Martinez (16-12) got first-game relief help from Tippy Martinez in beating Pete Vuckovich (18-6). Lenn Sakata and rookie John Shelby added bases-empty home runs in the bases-empty home runs in the mightcap off Mike Caldwell (17-13), while rookie Storm Davis (8-4) scattered six hits to post his first complete game.

In Anaheim, California, Geoff

Angels 4, Rangers 0

Zahn pitched a five-hitter and Fred Lynn hit his 20th homer of the year, leading California past Texas, 4-0.

Royals 12, A's 7

In Kansas City, Missouri, Jerry Martin hit a three-run home run and Hal McRae and Willie Aikens added two-run homer to pace the Royals' 12-2 triumph over Oak-land.

Twins 3, White Sox 2

In Minneapolis, Gary Gaetti hit a two-run double and Bobby Castillo and Ron Davis combined on a five-hitter as Minnesota defeated Chicago, 3-2. After a one-out sin-gle by Mike Squires in the first, Castillo (13-11) retired 20 straight batters before Greg Walker pro-pelled a 438-foot homer over the right-field wall to lead off the

Indians 3, Tigers 2 Tigers 4, Indians 2

In Cleveland, Alan Trammell drove in two runs and Bill Fahey had his first game-winning RBI of the season to pace Detroit to a 4-2 victory and a split of a doubleheader with the Indians. In the opener, rookie Carmelo Castillo

ond game, hugged catcher Rick Dempsey after Baltimore swept Milwaukee Friday night.

hit his second major league home run with one out in the ninth to give Cleveland its 3-2 verdict. Blue Jays 2, Mariners 0

In Toronto, Dave Stieb pitched a four-hitter and Jesse Barfield his a bases-empty home run to lift the Blue Jays over Seattle, 2-0. Red Sox 3, Yankees 2

In New York, Dave Stapleton's triple to left-center delivered Wade

Boggs from first base in the 12th enabling the Red Sox to down New York, 3-2. Steve Crawford (1 0) was the winner, while Mike Morgan (7-11) took the loss.

> **More Sports** On Page 19

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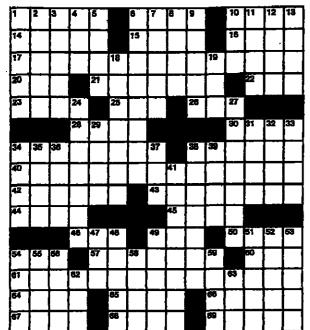
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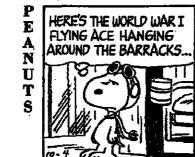
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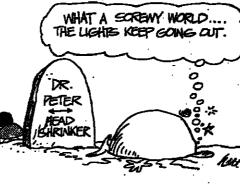




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## DENNIS THE MENACE



### **BOOKS**

commercial center of British trade. We are at this point less than halfway through a very long novel. Ahead lie more torment as Alice Uncur Jade

lives through the siege of Port Arthur (not the Russian defeat, but the Chi-

nese one, in 1894) and the Boxer Re-

bellion. She eventually marries a win-py English trader and is widowed

whereupon she sells up on her own in Peking as a trader in jade and object d'art. She campaigns against the insid-ious practice of foot-binding and

heavens! - translates into Chinese

John Stuart Mill's treatise on the subjection of women. At the very end, Alice, now called Polished Jade to indi-

cate the finishing of her education sails for home, for England, where she

has never been. There are hints she

will return. Dare we hope for a sequ-

el? Still ahead is all the tumult of

20th-century China.

At its best, "Jade" carries the reader along effortlessly. One certainly gets a sense of the sweep and variety

of the old China, built up through

mosaic of snapshots: compradores and Manchus, Sikh policemen in the British concessions, the Yangtze river

trade, a typhoon, an opium den. Al-

thor Barr has woven what is evidently

a lot of scholarly reading into her text If one hasn't read the poetry transle.

tions of Arthur Waley or Witter

Bynner elsewhere, there's no harm

the wind and rain . . . though the

virgins have all gone their way to the

yellow graves . . . in dark rooms

'Clunics along Mechanically'

At its worst, "Jade" clunks along mechanically, the dialogue filling in clunks of the historical background:

"Tush, that's putting it too strongly

Mary. But certainly now that Pax Britannica has descended over all and even Afghanistan seems quiet, there's

precious little excitement in the mil-

ghost-green fires are shining . . .

The colours of autumn are fresh;

reading Tu Fu bere:

JADE: A Novel of China By Pat Barr. 597 pp. \$14.95.

St. Martin's, 175 Fifth Ave., New York, N.Y. 10010. day and Uncut Jade has to pack up again, this time to Shanghai, the great

Reviewed by Reid Beddow

A NOTHER historical novel about love among the ruins of the Celestial Empire. Someday Jonathan Spence or another sinologist will tell us what this literary escapism really means. Right now, it means "Jade: A Novel of China" by Pat Barr, a vast, many-storied pagoda of a book set in the second half of the 19th century, when the Middle Kingdom resembled a disturbed anthill and the gunboats of the Great Powers guaranteed the barbarians' privileges.

As with other recent novels about

China ("Tai-Pan," "Noble House,"
"Dynasty" and "Spring Moon"),
"Jade" is mainly about culture shock. Plucky Alice Greenwood's missionary father is massacred in Tientsin in 1879. Kidnaped to distant Hunan province, she becomes an abused house servant in the service of the pa-triarch of a wealthy clan. After a time, the patriarch - Most Honorable or Dragon Brightness as he is called in

the characteristic way of these novels
— makes Alice, now called Uncut Jade, his concubine. The teen-age barbarian is instructed in the lovemaking of the pillow books, which she rather enjoys.

Harrowing Adventures

When Dragon Brightness is away. other women in the household abuse Uncut Jade. She flees, loses her baby, and, after several harrowing adventures, arrives in the British colony of Hong Kong.

In her travels, Alice Uncut Jade has met Lin Fu-wei, a young revolution-ary. They are attracted, a chemistry enhanced by the young Englishwom-an's apparent command of Chinese in multiple dialects. However, Alice goes to live in Mukden with her long-lost mother, now remarried to another missionary, a sullen Bible-thumper. The stepfather makes sexual advances, and a shocked Alice flees to Port Arthur to live with an older brother, an official in the celebrated imperial Chinese Customs Service, the international revenue agency administered by Sir Robert Hart.

Lin Fu-wei reappears, and the two young people fall head-over-heels in love. Unhappily, the older brother discovers them entwined in bed one

Solution to Friday's Puzzle

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DONEGAL CAREE STEADS STANS

tary life. I might as well go trading trinkets like you, Charles." But Barr infuses her Western characters with contemporary values in a

way that rings false. Her missionaries are all bigots or hapless dreamers. He Chinese characters are lifeless caricatures. And what can this Scottish missionary's daughter's lust for Chinese men possibly mean? I could have skipped some of the pleas for sexual toleration in order to learn what the Dowager

Empress and her eunuchs were up to. So, in the end, "Jade" disappoints, despite its exotic background and adventurous plot. Of the many new China novels around, the best remain "Spring Moon" by Bette Bao Lord, which teems with cultural nuance and in the believable characters, and is filled = 100 with the idealism of a great people.

Reid Beddow is on the staff of The Washington Post.

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## **BRIDGE**

By Alan Truscott

ON the diagramed deal South had O an opportunity to make a foxy play that had a chance of success simply because declarer was a novice.

At most tables East opened with one diamond, and one no-trump was a rather better choice for South than two clubs. The expert in the North seat had several options.

He could settle for a part-score by making a cautious pass or bidding two spades. He could try a Stayman two-club bid, but many partnerships would treat that bid as natural and an improvised partnership would not be likely to have discussed the point. Three spades would be an overbid, so the best move toward game would be two no-trump, concealing the spade

In three no-trump everything hinged on the opening lead. If West led his partner's diamond suit South had nine tricks a lead of the club sequence would have the same result since South would take a diamond

If West led his only long suit - and if East thought a little — the defense could win. After winning three heart tricks he would have to cash the spade

ace before taking the fourth heart. More tricky was the situation if West led the spade seven. Obviously East could take the spade are and shift to hearts effectively. But he

might not do so if South, trying hard to look as though he deserved his nor all. ice designation, played the spade of

Now East could play low and make a serve the A-J of spades. If he did with the South had nine tricks, or even 10 if is took a greedy diamond finesse.

So East would have to decise whether South's play of the spade o

rather than the eight was low-let carelessness or high-level cunning.

NORTH **♥1063** OK 189 **4**Q7 WEST EASTO 4753 **AAJ**3 ♥KQJ3 ◆Q763 ◆54 **VA984** 0542 **\$1098** SOUTH **6K4** 

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West led the spade seven

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### **SPORTS**

## Pance, U.S. to Meet in Davis Cup Final

By Jack Monet

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arge of Port Arbay MX-EN-PROVENCE - A SILper exhibition of clay-court tenat and the Both R a 3-2 victory over New Zealand on Mudis marnes 3 km let and is widow ers up on her out Sunday and a place in the Davis Cup final against the United States the regimes the total next month in Grenoble. The American team swept Australia, 5-0. in Perth.

fend landing and metrics min Chillian l's treatise on the sp h At the very end A singles match after his teammate, Pedialical Lade to in Thierry Tulasne, had succumbed, ng of her educate or I prised where

6-4, 6-2, 6-4, to Chris Lewis. Noah, who was mobbed by fans after the match, said afterward: "I wanted to start out strong and never let him get into the match."

e we hope for a se The New Zealand captain, Jeff Robson, paid tribute to the Cam-eroon-born star, saying: "Full credit to Noah. He played superblacke" carries the te leasty that dens the sweet and the ly. He was just too good." pshots comprade

The French captain, Jean-Paul Loth, would not speculate on his side's chances against the U.S. squad in the final. "We don't know what their team will be," he said. "Captain Arthur Ashe doesn't always have his best players avail-

"If Noah plays in Grenoble the way he played here, on the same kind of medium-speed clay court, he could do very well. The main problem for the French is to win

The doubles were France's weak point in this scries as Henri Leconte and Noah crashed, 6-3, 9-7, 6-4, to the experienced team of Lewis and Simpson, who have played together for several years.

By contrast, Leconte and Nosh have played together only since July and lack cohesiveness as a m. They were erratic and often out of touch, while Lewis and Noah, 22, disposed of Russell Simpson dominated for most of Simpson, 6-2, 6-2, in the final the match, taking the crucial drawn-out second set and then winning the third by capitalizing on French mistakes

> The French, behind the legendary four musketeers Henri Cochet, Jean Borotra, René Lacoste and Jacques Brugnon, won the Davis Cup from 1928-32 but have not won it since Britain knocked them out the following year.

The 1982 squad will be one of the youngest French teams in a Davis Cup final, with an average age of 21.

■ Americans Complete Sweep in Perth, Australia, the U.S. team completed its rout Sunday.

Americans, winners three times in the past four years and 27 times in all, allowed their longtime rival Australians no respite as Gene Mayer and John McEnroe swept to victory in the reverse sin-

Mayer beat Mark Edmondson, pulled back to win three successive 6-3, 6-3, while McEnroe had a games before Mayer served out for marginally more difficult time against John Alexander, 6-4, 6-3.

The singles matches were reduced to the best of three sets because they were meaningless following the U.S. doubles victory on Saturday, when McEnroe and Peter Fleming beat Peter McNamara and Paul McNamee, 6-2, 6-2, 3-6,

Australia, the second most successful nation in Davis Cup history, never looked capable of claim ing a place in the final, and Neale Fraser, the captain who won 18 of his 21 matches between 1958 and 1963, acknowledged that his team was simply not good enough.

McNamara had been nursing a rib injury, so Edmondson was called upon to salvage some pride against Mayer.

Although keenly disappointed over being left off the original team in favor of Alexander, Ed-mondson refused to be drawn into any controversy.

They picked the players they thought were in form," he said. "It's a team effort and even the guys not playing were part of it. We were out there giving the oth-ETS OUT SUPPORT."

Edmondson did not go down without a fight; even when he trailed, 5-0, in the second set he

games before Mayer served out for the match.

The Amercians completed a whitewash when McEnroe cruised to victory against Alexander. McEnroe acknowledged that he had found it difficult to prepare himself for the meaningless match, saying: "My serving picked up as the match went on and I think I played well. John was pretty keen to win because no one likes losing a Davis Cup semifinal, 5-0."

Other Cup Action

In the four relegation series, the losers of which will be demoted to the minor zonal competitions in 1983, Argentina defeated West Germany in Buenos Aires, and the Soviet Union beat India in Donetsk. Spain and Britain were tied, 2-2, in Barcelona when darkness forced suspension of the deciding match between Buster Mot-

In the European Zone A final, Ireland won promotion to the 1983 championship division by defeat-ing Switzerland. In the Zone B final, Denmark and Hungary were tied, 2-2, with the deciding match suspended until Monday.

tied, 1-1, in Mexico City.



Milwankee second baseman Mike Ganter couldn't come up with inning in Baltimore. The Orioles scored three runs in the first a soft liner off the bat of Ken Singleton during Saturday's first and went on to beat the Brewers, 11-3, and gain a first-place tie.

## Luma after Mottram won the first set, 8-6. Play was to resume Monday. Mexico and Romania were Angels Win Flag; Orioles, Brewers Tied

ANAHEIM, Calif. - The California Angels won the American League's Western Division title with a 6-4 victory over Texas here Saturday. Although second-place Kansas City defeated Oakland, 5the Angels needed only a victory to clinch the pennant. The American League championship series will open here Tuesday with the

California trailed, 4-3, until Fred Lynn hit a two-run home run in the fifth off knuckleballer Charlie Hough (16-13). That gave the Angels a 5-4 lead; Tim Foli's

BASEBALL ROUNDUP eighth-inning infield single plated

the game's final run. Lynn's 21st homer, which sailed over a sign in the right-field pavilion that read "Yes, We Can," helped the Angels overcome three Ranger home runs in the first four

Orioles 11. Brewers 3

In Baltimore, the Orioles defeated Milwaukee, 11-3, to tie the Bewrers for the lead in the Eastern Division. Sammy Stewart pitched 535 innings of shutout relief and Baltimore roughed up Doc Medich, Moose Haas and Dwight Bernard for 18 hits. The teams with the best record in baseball were to meet Sunday — Baltimore pitching Jim Palmer, Milwankee going with Don Sutton - for the divisional crown. The Orioles have beaten the Brewers three straight games; no club in history has ever swept a season-ending four-game series to win a championship by one game. Said Milwaukee's Gorhas gone far enough."

Royals 5, A's 4 In Kansas City, Missouri, John Wathan drove in pinch runner Bombo Rivera with the tying run and Cesar Geronimo followed

sas City entered the eighth trailing, 4-3, after Tony Armas had hit his 28th homer of the season, with a man on, in the top of the inning off Dan Ouisenberry (9-7).

Red Sox 5, Yankees 0 In New York, Brian Denman pitched a six-hitter and Ed Jurak batted in three runs to lead the Red Sox to a 5-0 whitewash of New York. It was the first majorleague shutout for Denman (3-4).

In Toronto, Jim Gott and Roy Lee Jackson combined on a sixhitter as the Blue Jays blanked Seattle, 3-0.

White Sox 5, Twins 3

Blue Javs 3. Mariners 0

In Minneapolis, Ron Kittle hit his first major-league home run and drove in three runs to lead Chicago to a 5-3 victory over Min-Indians 2, Tigers 0

Tigers 4, Indians 1 In Cleveland, Dave Rucker

pitched a five-hitter and Lance Parrish drove in four runs with a single and his 32d homer of the year to pace Detroit's 4-1 victory and a split of a doubleheader with the Indians. In the 2-0 opener, Tom Brennan and Dan Spillner combined on a four-hitter.

Dodgers 15, Giants 2 In the National League, in San Francisco, Ken Landreaux and Mike Scioscia hit three-run home runs and Ron Cey added a basesempty homer to lead Los Angeles' 15-2 rout of San Francisco, which kept the Dodgers in the Western Division race and eliminated the Giants.

Braves 4, Padres 2

In San Diego, Atlanta scored two runs in the third, ignited by Chris Chambliss' bases-empty ho-mer, and went on to defeat the Padres, 4-2, and clinch at least a tie for the divisional title. The Braves have a one-game lead over Los Angeles; each was to play its season finale Sunday.

French champion jockey Yves Saint Martin a third victory in the

Arc and 73-year-old trainer

Francois Mathet his fourth when

she beat Ardross (10-to-1), ridden

by Lester Piggott of Britain, by a

## Battimore ISI 162 01x-6 15 0 Vuckavich, Porter (5), Easterty (6), Ladd (7) and Simmons: D.Martimez, T.Martimez (7) and Noizm, Demosey (7), W-D.Martimez, 16-12 LVuckavich, 18-6. H.Rs-Milwaukes, Simmons (22), Ogilvie (33), Baitimore, Singleton (14). Second Game Milwaukee 00 006 100-1 6 0 Battimore 310 000 30k-7 13 0 Calciumit. Sector (3) and Vac-7 13 0 Calciumit. Sector (3) and Vac-7 13 0 recatile 000 000 000—0 4 0 coronto 001 160 00x—2 5 0 F.Bannister, VandeBerg (8) and Sweet; Stieb

F.Bannisser, Vanaesers (8) and Sweet: Silea and B.Martinez, W.-Sileb, 17-14, L.—F.Bannis-ter, 12-13, HR.—Toronto, Barfield (18), Chicago 000 000 020-2 5 0 Minnesofa 000 000 02 3 6 0 Dotson and Fisk; B.Costillo, R.Davis (8) and R.Smith. W-B.Castillo, 13-17, L-Dotson, 11-15. HR--Chicago, Walker (2).

15. HR.—Chlcogo, Walker (2).

Bosten 001 800 000 062—3 9 1

New York 500 000 010 501—2 10 0

Torrez, Bursmeler (7), Clear (9), Crowford (11) and Allenson, Sullivon (8); Guidry, Margan (10) and Carone, W.—Crawford, 1—0. L.—Margan, 7—11. HR.—Boston, Evans (31).

Ookland 200—012 003—7 9 0

Karens, City 200 843 200—12 15 2 Konsos City Konsos City

Kinsmon, T.Underwood (4), D'Asulsito (5),
Boker (7) and M.Heeth; Castra, Tutts (6) and
Guirk, Warthan (4), W.—Castra, 3—2. L.—Kingman, 3—12. HRs—Oakland, Murphy (27), Burroughs (16), Konsos City, McRoe (27), Quirk (1),
Martin (15), Alkens (17),

Texas

000 000 000-0 5 1 116 000 20x-4 9 2 Texas 000 000 000-6 California 118 000 20x-4 Butcher, Mirabella (5), Darwin (6), Met

(8), Boltono (9) and Sundberg; Zohn and Boone. W-Zohn, 18—6. L.—Butcher, 1—5. HR.—Califor-nia, Lynn (28). New York

980 980 900 1—1 2 1 900 980 900 0—0 1 0 1 Hodges; Denny, Altimirano (10) 1—Lesch, 2—1. L—Altimirano, 4—7, 119 181 900—4 7 9 900 991 190—2 9 9 1 Howes (9). Price (9) and MenGer. hilodelphia 6 Leach and Hodges: De Leach and Hodges: Donny, Altimitrano (19) and Virgit. W—Leach, 2—1. L—Altimitrano, 4—1. Cincinnell 119 181 000—4 7 8 Houston 000 901 100—2 7 0 B.Shirley, Hayes (9), Price (9) and VonGerder; Ryon. Ross (9) and Polots. W—8.Shirley, 8—13. L—Ryon, 14—12, HRs—Houston, Tollmon Montreof 918 181 822 03—4 12 8
Pittsburgh 180 210 100 05—5 18 1
Lee. Tornien (6), Frymon (9), Racrdon (12)
and Carter; McWilliams, Tetulve (8), E.Romo
(9), Tunnell (10) and Ortic W—Frymon, 9—4
L—Tunnell, 1—1. HRs—Montreat, Wallacht (27).
Pittsburgh, Frobel (1),
Monta

000 000 045-4 7 8 600 000 000-0 3 1 Breining, Holland (8),

fifth that carried the Cubs to an ? 4 decision over St. Louis.

In Houston, Harry Spilman Pirates 2, Expos 1 drove in two runs and Jose Cruz In Pittsburgh, Bill Madlock batted in another during a fourpinch single drove home Om: Moreno with the winning run wit run sixth as the Astros downed the Reds, 4-2. It was Cincinnati's two out in the ninth to give the Pirates a 2-1 verdict over Montro 100th loss - the worst season in the franchise's 114-year history. In 1981, Cincinnati had the best Phillies 4, Mets 3 record overall in the majors.

Cubs 8. Cardinals 4 In Chicago, Keith Moreland's run-scoring single and a sacrifice fly by Pat Tabler keyed a three-run

In Philadelphia, Pete Rose doi, bled home Luis Aguayo from se give the Phillies a 4-3 squeak over New York.

### Friday and Saturday Line Scores Friday's Results

First Game 002 000 000--2 4 0 000 002 001--3 6 1

Saturday's Results

Lincepo 300 800 200—5 14
Minesoto 001 900 110—3 9
Lorra, Karra (7) and Hill; Violo, D.Cosper (;
Little (9) and Laudner, W—Larra, 11-8, L—Viol
4-10. HRs—Chicopo, Kittle (1), Minnesof
Brunansky (20). W—Borker, 15—11. L.—Wilcox, 12—10. HR—Cleveland, C.Costilio (2). 100 102 000-4 10 0

031 182 01x-8 15 0

Rucker-and Parrish; Reed, Withtel (4) on Nationariney, W—Rucker, 5-4, L—Reed, 1-1, HR

Keuph, Underwood (7), Beard (8) man, Heath (8); Blue, Armstrong (5), berry (7) and Walton, W—Quisenberry T,Underwood, 10-6.

021 000 00s-3 7 Texas 000 100 000-4 8
Cultivaria 210 020 010-6 13
Hough, Henke (5) and Sundburg; Forse
Geltz (2), Sanchaz (7) and Boare, W—Goltz, 8
L—Hough, 16-13. HRs—Texas, Perrish 17
O'Brien (3), Sundburg (10), California, Reulec

son (38). Grich (19), Lynn (21).

Chlosso

Chlosso

602 830 82x-8 11

Andulor, Kaot L5), Fersch L5), Suhler (8) or
Porter; Jenkins, Compbell (7) and Morelon
W—Jenkins, 14-15. L—Koot, 5-2, HR9—St.Lou W—Lenkins. 14-15. L—Koat, 5-2. HRs—St.Lou Parter 2 (12). Los Ancetes 641 032 003—15 17 Son Francisco 680 000 000—2 4 Welch, Stewart (6) and Scioscio; Martin. Hk land (2). Dempsey (6), Garreits (8) and Ma Prutti (7). W—Welch, 16-11. L—Martin, 7-1 HRs—Los Angeles, Landroux (7), Cay (2 Scioscio (5). Son Francisco, Laonard (9). Cincignetii 000—2 5 Houston 000 004 606—4 5

Houston 000 63 Soto, Lesley (8) and Van Go

Diaz (7). W—Alformarino. 5-1. L.—Zochry. 6-7. Alfonto 512 000 007...-4 San Diego 900 101 000...-2 1

### **SPORTS BRIEFS**

### **NFL Talks Stop Without Progress**

WASHINGTON - Talks aimed at ending the National Footbal League player strike broke off Saturday with no resumption in sight. But the union said it might consider mediation — which it has consistently refused — if the owners returned to the bargaining table.

Frustration over the talks boiled over Friday, when the player accused the league's management council of having "a plantation mentality" and the owners accused the players of agreeing to talk only "sc they wouldn't be accused of not wanting to meet." Stan White, a linebacker for the Detroit Lions and vice president of

the union, had to be physically restrained after he began striding around the table toward Sarge Karch, the chief counsel to the management

### Potter Upsets Austin to Reach Final

PHILADELPHIA — Barbara Potter shocked Tracy Austin, 6-4, 4-6, 6-3, Saturday in the U.S. Women's Indoor Tennis Championships to advance to Sunday's final against Pam Shriver, who edged Wendy Turn-

"It was a good day at the office for me," Potter said after blasting 14 aces past Austin, the 1980 champion who lost her title last year to Martina Navratilova. At stake in the final is \$22,000 for the winner and \$11,000 for the loser.

Potter, seeded No. 4 played aggressively throughout her two-hour, 10minute match with Austin, the top seed who had beaten her in 12 previous matchups. On Friday, Austin onsted 16-year-old Camille Benjamin, 6-1, 6-4; Turnbull stopped Wendy White, 6-2, 4-6, 6-1, and Shriver beat

### Haas, Strange Lead Texas Open

SAN ANTONIO, Texas — Jay Haas and Curtis Strange were tied for the lead at 13-under 197 after Saturday's third round of Texas Open golf tournament. Strange posted his second straight 4-under 66 while Haas, who began the round with a one-stroke lead over Strange, D.A. Weibring and Keith Fergus, shot a 3-under 67 — his third straight bogeyless round at Oak Hills Country Club.

Compiled From Agency Dispotches

## Pitt Rallies for 16-13 Victory Over W. Virginia will open here Tuesday with the Angels playing either Milwaukee or Baltimore.

PITTSBURGH — Dan Marino three quarters just as he had in threw a 6-yard touchdown pass to Julius Dawkins with 3:24 to play, one of the completed just 8 of 19 and Eric Schubert kicked the extra passes with one interception for 82 point to give Pittsburgh a 16-13 yeards in the first half and threw here victory Saturday over West then Hester Virginia Pittsburgh had been trailing in the final quarter, 13-0.

demporary value: false the missing The Panthers padded the lead haples dreams; with 41 seconds to play when defensive tackle Bill Maas, before a sellout crowd of 57,250, forced Mountianeer quarterback Jeff Hostetler out of the end zone for a ters are bleke at s last for Change could have de-

West Virginia's Paul Woodside COLLEGE FOOTBALL

in background of was just short on a 52 yard field goal attempt with 2 seconds left that would have tied the game, 16-16. The miss broke Woodside's string of 15 straight field goals this season. West Virginia got the chance to go for the game-tying kick when Woodside recovered his own onside kick on the West Virginia 31.

Early in the final quarter, Pittsburgh tailback Bryan Thomas capped a 9-play 83-yard drive with a 3-yard TD run, and Schubert Panthers (4-0) within 13-7 with 10:52 left.

onds into the fourth period, linebacker Darryl Talley blocked a punt by Greg Ganzer on the Pitt 22, chased the loose ball into the down. Woodside's kick made it 13-

Albony 17, Union 7 Arriberst 43, Bowdoin 0 Arriberst 43, Bowdoin 0 Arriby 17, Horvard 12 Boston Col. 17, Terraile 7 Boston U. 17, Cornell 6 Chiacte 39, Derivouth 21 Collegide 38, Confraestift 37, Connecticut 28, New Hors Detowore 28, Lahligh 19 Holly Cross 30, Yole 4 Lateywite 37, Buckmell 6 Moryland 26, Syrnouse 2 Mosacifrusetts 17, Rhode Poce 17, Fordjann 8 Penn 31, Columbio 32

Penn 31, Congress 31
Princeton 28, Brown 13
Princeton 28, Brown 13
Rutgers 27, William & Mary 17
Trinity. 7, Hamilton 3
Williams 17, Rockester 12
SPACES Georgio 29, Migsissippi 51. 22 Grambling 51, 51. Prairie View Novy 27, Duke 21

i (linois 42, Minnescia 34 Indiana 51, 29, Droke 19 lowe 45. Northwestern 7 Migmi, Otilo 20, Kent 51. 8

Arkenses 35, TCU 9 Boylor 21, Houston 21 Louisiona Tech 17, Teams-Arting Oklahoma 13, Jawa St. 3 SMU 38, N. Teams St. 16 Texas M. Rice 7 Tenus Tech 24 Texas A&M 15

Victito St. 24, W. Texas St. 21 FAR WEI Arbons \$1, 30, Kamer \$1. ? Colifornia, 34, 36, Jone 51, 7 Idaho 35, Weber 51, 34 Montang 25, Nevodo-Recs 27 New Mastics 49, Air Force 37 Southern Col 28, Oregon 7 Stanford 45, Oragina St. 5

NHL Exhibition Cames

Friday's Results eers 5, Hortford 5 peg 4.34, Louis ? Buffolo S. Teropio 2

More Sports On Page 17

another interception in the fourth quarter that led to Woodside's second field goal.

But Marino and his receivers got their game clicking after Talley's touchdown. Marino ended the day with 20 completions in 41 attempts for 211 yards. Hostetler was 19-

this when your kids play so super," said the West Virginia coach, Don Nehlen. "We went down, but we didn't go down without a fight."

In Gainesville, Flordia, Dalton Hilliard ran for 124 yards and Washington 46, San Diego St. 25 In Seattle, Steve Pueller threw

California 26, San Jose St. 7 fense. Gilbert topped his performance with a 26-yard touchdown



Bears halted two Spartan drives inside the 20. San Jose was stopped at the 17 with 12:24 left and at the 13 with 7:24 to go.

No. Carolina 41, Georgia Tech 0 In Chapel Hill, North Carolina, Ethan Horton and Tyrone Anthony combined for 194 yards and three touchdowns as North Caroli-41-0. Kelvin Bryant added a touchdown and ran for 55 yards. The

Georgia 29 Mississippi St. 22 In Starkville, Mississippi, Herschel Walker, his injured right thumb still heavily bandaged, rushed for 215 yards and one touchdown as Georgia (4-0) came from behind to beat Mississippi ance with a 26-yard touchdown State, 29-22. With the score field pass to tight end David Lewis with 22-22, Walker set up the winning 3:06 left in the game after the score by gaining 55 yards in eight

ing overall champion, held onto

third place with two gold medals Sunday for a total of four.

became the first individual double

gold medalist of the games when she took the women's 100-meter

butterfly in a Commonwealth

in Saturday's 4-x-100 freestyle re-

lay final.

The Australians finished in

3:48.98 and Canada in 3:49.72, but

were both disqualified for faulty

changeovers so England, nearly five seconds behind the leaders,

Sunday's men's 190-meter free-

style final ended in a 1-2-3 sweep

for Australia with Neil Brooks tak-

Australia then maintained its momentum when Valerie Beddoe

captured the women's highboard

But Briton Phil Hubble, a silver medalist at the 1980 Moscow

Olympics, broke Australia's mo-

nopoly by winning the men's 200-meter butterfly in 2:00.98.

The three shooting team medals were shared, Canada taking the

skeet, England the smallbore and

Australia the air pistol competi-

Weightlifting again proved fruit-ful for England, which made it four out of six by winning the 75-

and 82.5-kilogram divisions. Ste-

phen Pinsent won the lighter divi-

sion with a total lift of 312.5 and

Newton Burrowes won the heavier category with 325.0 kilograms.

England's other gold came Sun-

day in the badminton team final, a

Other winners Saturday includ-

ed Australian Tracey Wickham,

ing the gold in 51,14 seconds.

Curry, who also won the 200meter medley, would have had three golds, but Australia was disqualified — as was Canada —

record 1:01.22.

won the gold.

Australian swimmer Lisa Curry

Compiled by Our Staff From Dispatches than the Australia, which won BRISBANE, Australia — Robert three Sunday. Canada, the defend-

carries during a 65-yard drive before quarterback John Lastinger scored on a 1-yard sneak with 13:27 left.

Boston College 17, Temple 7

In Newton, Massachusetts, freshman Kevin Snow broke a 7-7 tie with a 32-yard field goal early in the fourth period and quarterback Doug Flutie added a 34-yard touchdown sprint to give Boston College a 17-7 victory over Tem-ple. Fintie capped an 85-yard scoring march by scoring on a quarter-

In East Lansing Michigan, Notre Dame did not score a touchdown, but a safety and three field goals by Mike Johnston gave the Irish an 11-3 triumph over Michigan State, which has yet to win a game. Johnston's field goals of 33, 29 and 42 yards all came in the second quarter.

England, springboard diving, and

Canadians Anne Ottenkbrite, women's 200-meter breaskstroke,

and Alex Baumann, men's 400-

British weightlifters won gold

Dean Willey set three Com-

meter individual medicy.

medals Saturday.

## with an RBI sacrifice fly to lead the Royals past the A's, 5-4. Kan-Filly Akiyada Winner Of Arc de Triomphe

PARIS - Akiyda became the

fourth successive filly to win the Prix de l'Arc de Triomphe with a brilliantly judged victory at Longchamps Sunday.

and jerked 358.

The Aga Khan's three-year-old, at 6-to-1 the fourth favorite, gave

In a thrilling photo finish, Willie Carson of Britain was a head back in third aboard Awaasif (77-to-1); April Run (14-to-1), ridden by Weir Sets Games' Hammer Record; Shahanga Takes 10,000 American Cash Asmussen, was a close fourth. Awaasif and April Run both are fillies. Immediately after the race the

Aga Khan admitted he had hesitated before running Akiyda. "We would have settled for fourth and run in a Group 3 race next Sanday, but the ground went soft which suited her very well," he Europe's richest horse race was

worth \$280,000 (about 1,988,000 france) to the winner.

Ardross, trained by Henry Cecil and winner of the Ascot Gold Cap earlier this year, won \$112,000. The 11-to-2 favorite Assert, ridden by Pat Eddery, failed to make headway and finished 11th.

Assert's trainer, David O'Brien said before the race he was not happy with the soft going and that, had it been up to him, the winner of the French and Irish Derbies would not have raced

But owner Robert Sangster, who

A disappointed Eddery said: "He was totally unsuited to the soft ground."

trained six-year-old are up the ground on the inside over the last furlong and was still gaining on Akiyda as they crossed the line. "A little bit further and I would have won - he ran a great race,"

monwealth records in winning the 132-pound class; he snatched 265

Piggott left his challenge on Ardross until late, but the British-

Australia was disqualified from the women's 4-by-100 freestyle relay at the Commonwealth Games when Diana Watts started her lap before teammate Suzi Baumer touched the wall. The Canadian team was similarly disqualified; England won the gold. rv earlier this year.

thought the winning post would never arrive."

pounds, lifted 325 in the clean and kala. At that stage, Assert was vyjerk and had a winning total of 590. David Morgan of Wales won the 132-149 division with a total of ing with Akiyda on the outside but faded quickly. Bon Sang faded two furlongs from home, leaving Akiy-da to battle it out with her three 650. He snatched 292 and cleanrivals.

has won the Arc three times in the past six years, decided to let him

'Golden Race' Saint Martin, in contrast, was

inbilant: "It was a golden race, but I

said Piggott of Ardross, the horse he rode to his 4,000th career victo-Bon Sang made the early pace, chased by Assert's half-brother, Bi-

Joining Haas and Strenge in the final threesome Sunday will be Leonard Thompson, whose 64 Saturday put him at 11-under 199. At 200 were Weibring and Fergus, both with third-round 69s. Larry Ziegler was alone

The Mountaineers (3-1) had tak-ing phased the set in phased the set in the first quarter and 29 yards in the first quarter and 29 yards in the third, Then, 52 secof goder like etulk orderi diamenal times. trailed from the end zone and fell on it for a touchgranitation the ser  $|W_{\varepsilon}(G)|^{1/(n)R^{-1/2}}$ ; fresh to a cuma NORTH Q 10986 Q 1063 e K 109 **₽Q**? 

Marino continued to struggle College Football Scores

reant upto 1, Autorn 1, Autorn 1, N. Carolina SI, 14. Virgiela 13 S. Carolina SI, 14. Virgiela 13 S. Carolina 37, Cinckmedi 10 S. Missischoj 14. Marrohia SI, 14 Tennessee 19, Washington St. 3 , Minuisanen Annessee 19, Washington 21. Anderbilt 24, Tulane 21 Anderbilt 24, Tulane 21

Wake Forest 13. Virginia Te MIDWEST Florido 51, 34, Ohio 51, 17 Michigan 34, Indiana 18 Missourt 20, E. Corolina 7 M. Dokato St. 18, S. Dakata \$1, 3

don 46. Sun Dèses St. 25

upset victory in 28 minutes, 10.15 Barie clocked 28:10.55 and Julian Goater of England, the pre-race favorite, finished third in 28:16.11. Tanzanian Nada Meta set a fast early pace in an apparent attempt to wear down the other runners and set up the strong finish by his

> England captured six of Sun-5-0 victory over Canada. day's 13 gold medals, overtaking Australia at the top of the 45-nation standings ed Australian Tracey Wickham, England has 14 golds, one more 800-meter freestyle; Chris Snode,

for-39 for 214 yards. "It's a shame to lose a game like Louisiana St. 24, Florida 13

scored three touchdowns, two on passes from Alan Risher, to power LSU (3-0) to a 24-13 triumph over

pointers to lead Washington (4-0) to a 46-25 triumph over San Diego State. With first-half field goals of 33, 32, 49 and 23 yards, Nelson extended his streak to 18, dating from last season, to break the pre-vious mark of 16 held by Ish Ordonez of Arkansas and Dale Cas-

ously unbeaten San Jose State. California, coached by former pro Joe Kapp, blended a pro-style of-fense with an opportunistic de-

Weir of England set a Com-monwealth Games record in win-

ning the hammer throw event Sun-

day, while Gidemas Shahanga led a suprising 1-2 Tanzanian finish in

Weir shattered the games record with an effort of 75.08 meters (246

feet, 4 inches). The old mark of 71.10 was set by Peter Farmer of

Australia in 1978.

In addition, Weir crased the British record of 74.98 established

by Chris Black of Scotland in

Weir won the gold after an early

duel with Martin Girvan of North-

ern Ireland. Girvan got off throws

of 73.58 and 73.62 on his first two

attempts before Weir uncorked his

Girvan's second attempt gained him the silver medal, while Black

took the bronze medal with a

Nonsleeper

Methodist University, had spent a sleepless night after a 22-hour flight from the United States but

"I woke up at 2 o'clock this morning and just couldn't sleep," he said. "I just stayed up and I felt

all right when I went out to throw,

the final straightaway to post an

although I had a slight headache." In the 10,000, Shahanga out-kicked teammate Zakariah Barie in

still had enough strength to win.

Weir, a student at Southern

winning toss on his third try.

throw of 69.84 meters.

the 10,000-meter race.

1976.

touchdown passes of 21, 10 and 25 yards, and Chuck Nelson kicked

tro of Maryland. Pelluer connected on 20 of 33 attempts for 229 yards. Reserve quarterback. In Berkeley, California, corner-back Fred Williams turned an interception into a touchdown 47 seconds into the game, and quart-erback Gale Gilbert passed for 242 yards and two touchdowns to lead California to a 26-7 rout of previ-

four field goals to set an NCAA Columbia's Don Lewis, having caught a short pass, was wrapped record for consecutive three up by Mike Okun in Penn's 51-31 rout Saturday in Philadelphia.

na (3-1) rolled over Georgia Tech. Tar Heels held Tech to just 40 yards rushing.

Notre Dame 11, Michigan St. 3

### LANGUAGE -

## **Toothsome Morsels**

By William Safire

WASHINGTON — When Eileen Ford, the modeling ogul, selected a young Danish oman with a wide, bright smile to this year's most promising man-equin, Newsweek wrote that the odel agency came up with lond and toothsome Renee monsen." Those who decide hat shall be the most desirable ice of the 80s lay stress on the routh and teeth, which replaces ne emphasis in the 70s on the utton nose. "If you aren't toothme - and don't even have a butnn nose," wrote reporter Cathleen in Guigan, "take heart: The '90s fill get here eventually."

And none too soon for the word nothsome. Since the 16th century, bothsome has meant "palatable, leasing to the taste"; a hundred ears after its coinage, a historian rote, "Your only News is not any Toothsom but it may prove holesom." The meaning has nev-r been "toothy" or "characterized y showing prominent teeth."

But wait: Here is a letter to

. ime magazine from novelist Norran Mailer, complaining that re-newer Stefan Kanfer, in writing about Mailer's "Pieces and Pontifiations," had quoted him out of ontext and thereby distorted his seaning. Mailer uses a masticating netaphor: "I hope the next reiewer Time picks for me doesn't pite the tip off my intent like pothsome Stevie Kanfer."

Is Mailer, one of our foremost Fordsmen, using toothsome when a means toothy? Or does he find something curiously delicious about his tormentor's prose? Or as the meaning of toothsome thanged to mean both "toothy" nd "tasty"?

Let us bite down hard on this ne. Newsweek's writer was playing on words with her description of the tall, ravishing model with he wide smile as toothsome: She has a smile that flashes a set of the inest choppers around, and she is

### J.S. Balloon Crash Kills 4

United Press International ALBUQUERQUE New Mexico One of hundreds of hot-air baloons in a group liftoff caught fire and crashed Sunday, killing at east four persons and injuring sevral others, police said. The acciient took place near the Rio Grande during festivities at the ith Albuquerque International

undoubtedly a tasty morsel. Such wordplay is fun, so long as we do not let the play confuse us about the meanings. Maybe my friend Mailer intended the same play, but we must draw the line somewhere: toothsome does not mean "toothy." any more than fulsome means "full," or noisome means "noisy." Fight cavities; stop the decay of a good word.

WORDS that sound the same but have different meanings are called homonyms; words that sound similar and have similar but different meanings have been dubbed confusibles by Adrian

The confusible that has been bugging Lenore Tobin Schattner of Pound Ridge, N.Y., is sensualsensuous. Is there any difference, and is the difference worth trying to preserve?

Yes. Both words have to do with the senses, but have quite different meanings. Sensual deals with physical and sexual feelings; having your ear nibbled by a toothy Dan-ish model is sensual. But that seusation, as we all know, is lewd, gross, carnal and not to be sought by the upright and reverent. John Milton, the poet, wanted a word to denote all the senses of the body that did not carry the pejorative baggage of sensual, and coined the more neutral sensuous. Samuel Coleridge reintroduced the word a couple of centuries later, with credit to Milton, for the same reason: He needed a word to describe a person whose senses were alive to imagination and other spiritual stimulants.

The way to remember the difference is that sensual is close to sexual, while sensuous is close to sensitive. The compliment is sensuous; the insult is sensual.

Let's get down to the brass tacks of current synonymy. If you are a toothsome dish contemplating the seduction of some innocent lad. your feelings are sensual, if not all the way to sexy or randy; you are a voluptuary and maybe a libertine, ridden with fleshly desires, stuffing your face at sybaritic repasts, and someone should lay a guilt trip on you. On the other hand, if you delight in beauty and form, and if the pine-needly air of the forest inspires you to break out in song, you are sensuous and are likely to start bragging about your invinci-ble vulnerability. If that's not a difference worth de-

fending, what is?

## The Broadway Stake of Beth Henley

By Jay Sharbutt The Associated Press

NEW YORK — Beth Henley of Jackson, Mississippi, set out to be an actress in Hollywood. That didn't quite work out, so she tried writing plays. That did work out. She now has

two comedies on Broadway.
"The Wake of Jamey Foster" is
her latest. It is scheduled to open on Oct. 14, joining her last-year hit, the Pulitzer Prize-winning "Crimes of the Heart." There might have been a third,

"The Miss Firecracker Contest," staged last season in Buffalo, New York, and London. But her agent advised against it, she says. "Some people were interested in optioning it for New York, but he didn't think it was a good idea to bring in two plays this season. So I'll wait and maybe see if I can

get it down next season." Henley, 30, spoke of all this quietly, not bragging. She also says it's never entered her mind that she could turn into a latterday version of Neil Simon, with hit comedies running loose every-

She doesn't consider herself the down-home edition of that busy Yankee scrivener. "No," she says, sighing. "I don't write 'em that fast. I wish I did."

The Mississippi Concession Fast or slow, writers tend to write of people and places they know. Simon, a New Yorker, usu-ally writes of life in New York and Los Angeles. Henley has the Mississippi small-town conces-

sion. "Crimes." "Wake" and "Miss Firecracker" all occur in her native state. So does an as-yet untitled comedy about a debutante. Simon's comedies are big-city sleek. Henley's rural ruminations, on the other hand, sneak up on you out of essentially sad situa-

tions that are a little to the left of

Exhibit A, which brought her to national attention, is "Crimes," about three young sisters drawn together after one shoots her husband just because she "didn't like his looks."

Her new "Wake" concerns the wake and funeral of one Jamey Foster, who has become a departed, thanks to a kick in the head — from a cow — shortly after abandoning his wife for another



Playwright Henley: "So tragic --- until people laugh at 'em."

soft Southern accent, isn't sure if it's a curse or a blessing that she

thinks funny.

But "when I write the plays, they're real serious to me," she says. "And they're painful I always think they're so, so sad, and so tragic -- until people laugh at

She first heard the laughter in her acting-student days at Southern Methodist University, where she wrote her first play, "Am I Blue." It was a one-act piece about a lonely college boy trying to lose his virginity in New Or-

"I was surprised when it was working as well as it was," she says of "Blue," revived with success last season at off-Broadway's Circle Rep. "I didn't think it was going to be that good."

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Henley, a small woman with She didn't think she was going brown hair, brown eyes and a to be a writer, either. She wanted She'didn't think she was going to act, and went to Hollywood after SMU. Lean times both for her and her agent, the latter forced to make ends meet selling umbrellas in a department store.

The writing was revived. She struck gold with her first full-length play, "Crimes," acclaimed in its first production in 1979 in Louisville, again a year later off-Broadway and again in 1981 on Broadway.

The wherewithal from this enabled her to rent a small house in Los Angeles and buy a red convertible. She's since also rented a small Hollywood apartment she uses as an office, the house being too full of distractions and reasons to loaf.

Although she says she can't whip out plays the way Simon

many begun before the success of "Crimes" — does indicate she at least gives the typewriter a fair

lashing.
She's been working on the film script of "Crimes"; on that new play about the debutante; on her first original screenplay, "The Moonwatcher," which she describes as "a coming-of-age sort of thing" about a young woman in Petersburg, Illinois, and on revisions of "Wake."

Amid all this, she has somehow

squeezed in time for acting, playing a bag lady last year in a new play in Los Angeles, "No Scratch." Next spring, she may do a play in Dallas, "Laying Off," by a friend of hers, Thur-man Moss.

But writing is the main event now, and, she says, "for the first time in many years I actually have deadlines. Before, I'd just do things on my own, take five years. I've had to get more disci-pline, work more hours each day and do it consistently."

Shuns TV

There's one thing she doesn't work on at all: TV. Many gifted young playwrights of comic mind get one stage success and promptly flee to Sitconville, a wealthy suburb of ABC, NBC and CBS. Not her. She has no desire to foal a comedy series for any network.

That pays exceedingly well, she concedes, "but I don't have to do that now. I'm making enough money, maybe not what I'd make as a TV writer, but I'm making plenty doing what I want to."

She tried it once, she says, shuddering. On the strength of reviews for her "Crimes" in Louisville, Paramount hired her to write the script for a TV pilot show. "It was pretty miserable," she says. "But the money was great and I needed it."

Although tided over by TV, she says she won't return to that, even though it could be easy money, especially compared to the harsh possibility of overnight failure on Broadway.

"Well," Beth Henley says, playwrighting "is the easiest money for me, writing things I'd want to write whether I got paid

"To write something you don't want to write and put aside something you do — now that is what I call difficult."

## POSTCARD FROM ASUNCION

## Paraguay's 2d Tongue

By Bruce Handler The Associated Press

A SUNCION, Paraguay — In Paraguay, when a suitor wants to tell a senorita he loves her, he does not use the Spanish phrase, "te quiero." Instead he whispers "rojhayjhu," in Guarani, the romantic, personal "secret lan-guage" of Latin America's only truly bilingual country.

Although native Indian lan-guages are still spoken in some Latin American countries such as Bolivia, Ecuador, Peru and Guatemala, they are used only by the large Indian populations, many of whom do not speak Spanish. In others, native Indian languages have died out.

Only Paraguay proudly has retained its pre-conquest Guarani along with its Spanish. Both languages are officially recognized.

"The use of Guarani brings out a high level of nationalism," writes a Paraguayan sociologist, Grazziel-la Corvalan. "It leads to a special

kind of Paraguayan togetherness and pride."
Official statistics are hard to

come by, but there is general agreement among experts that an overwhelming majority of Paragusy's 3 million people speak both Spanish and Guaram. We switch from one to the

other depending on the situation," said José Cantero Frutos, the founder and editor of a folklore magazine, Isiri, which is printed partly in Spanish and partly in Guarani. The magazine name is Guarani for "flowing water."

Part of the Culture "Guarani is part of our culture.

It's part of being Paraguayan." Cantero said. "Also it's very useful, when we want to hide something from outsiders. For example, I'll say something and you won't understand a word of it," he announced in Spanish, followed by a sentence in Guarani that made his wife and children langh. "I said, "What is this foreign journalist doing in the middle of our house?"

"Guarani is very intimate," Cantero went on. "Take the word for love.' In Spanish, it's 'amor,' very dry. But in Guarani, it's 'mboroyhji.' Now, that's emotion-

The sounds of the language are guttural and nasal In a study called "Paraguay, Bi-lingual Nation," Grazzielia Cor-valan notes that Paraguay had no

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mineral riches for the Spanish con-quistadors to plunder, so the Span-iards who trickled into the region starting in the 1500s intermarried with the natives, learned their lan-guage and settled into quiet farm lives. Jesuit priests who came to evangelize the Indians found they could do it better and quicker in

Guarani, she writes.

After Paraguay became independent in the early 1800s, there were campaigns to discourage Guarani and make everybody speak Spanish, which was considered more "progressive." But these efforts fell by the wayside when Paraguay got involved in wars with its South American neighbors and used Guarani as a "code" its enemies couldn't understand.

Mandatory in Schools Today, although Spanish is the nation's official language, there are constitutional guarantees to preserve Guarani. Guarani is a mandatory subject in schools. There are publications in the language and programs in it on radio and programs in it on radio and programs. television. Newspapers in Asun-ción, the capital, while printed in Spanish, sprinkle their pages with headlines, phrases and quotations in Guarani, to make stories more personal.

Gen. Aifredo Stroessner, who has been president of Paraguay for nearly 30 years, is proud that he speaks Guarani and often uses it at political rallies.

There is even a master's program in Guarani for serious smdents of the language, offered by the advanced language institute of the University of Asinción.

And when you leave Paraguay, your hotel bill says first, "Terejho poraite jha voi ete torojhecha yey," then "Hasta la vista y buen viaje," and finally, "Goodbye and have a pleasant trip."

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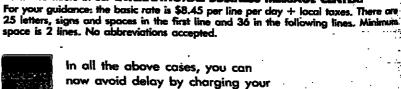
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